



VCS

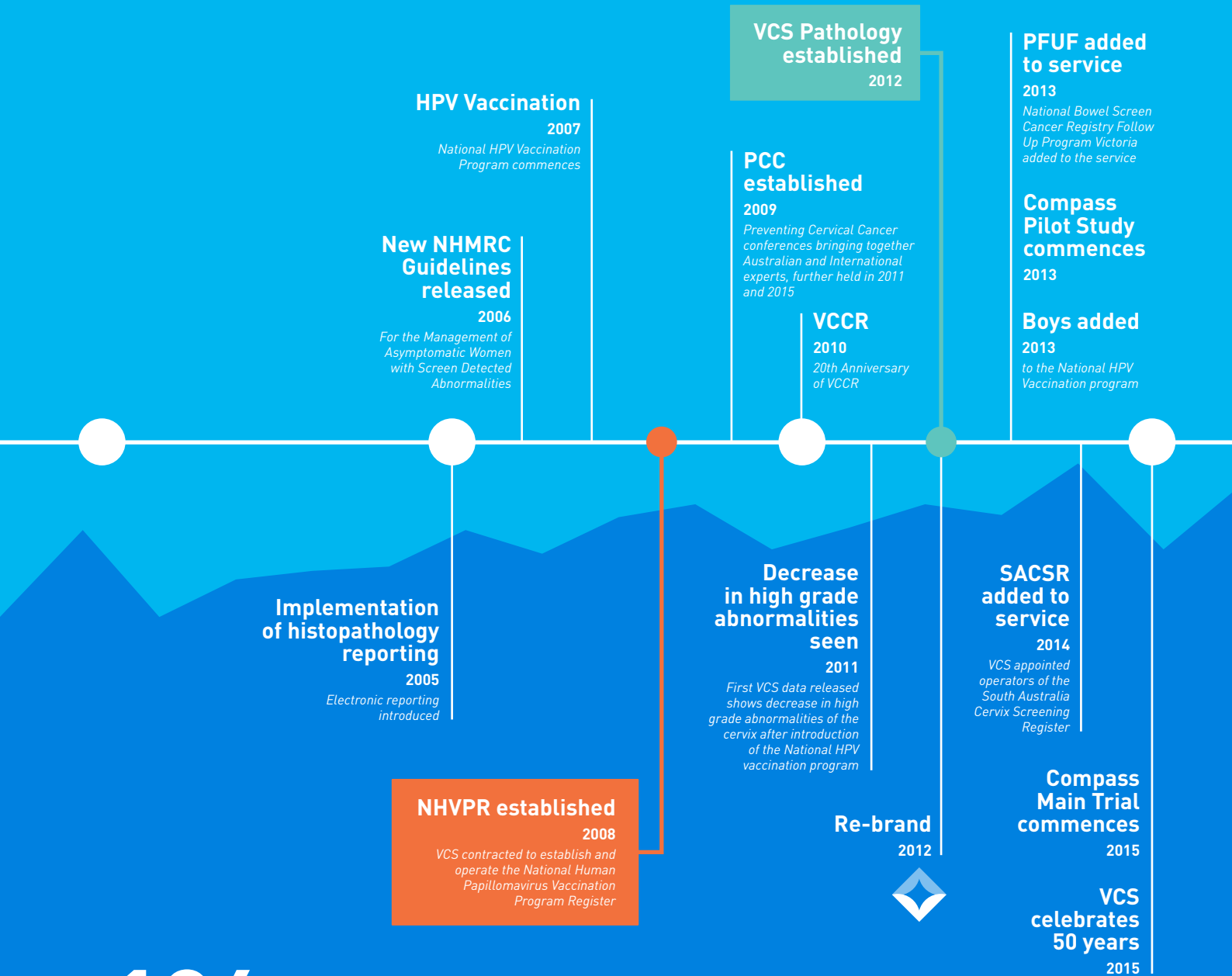
VCS INCORPORATED ANNUAL REPORT 2015

50

CELEBRATING
50 YEARS OF VCS

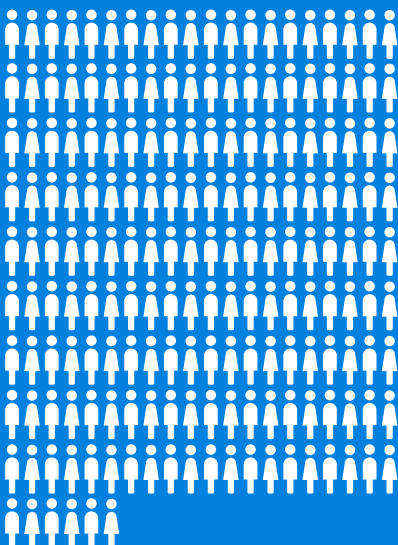
VCS WAS ESTABLISHED IN ORDER TO MAKE A POSITIVE DIFFERENCE IN THE LIVES OF VICTORIAN WOMEN BY REDUCING THE IMPACT OF CERVICAL CANCER. WITH A 50 YEAR HISTORY OF SUCCESSFUL CONTRIBUTIONS BEHIND US, VCS IS CURRENTLY UNDERGOING A PROCESS OF PROFOUND CHANGE TO PREPARE US FOR THE RENEWED NCSP.

WE LOOK FORWARD TO A FURTHER 50 YEARS OF SUCCESSFUL OPERATION, CONTRIBUTING TO THE PREVENTION OF CANCER AND INFECTIOUS DISEASES THROUGH EXCELLENCE IN THE PROVISION OF PUBLIC HEALTH SERVICES SUPPORTING SCREENING AND VACCINATION PROGRAMS.



186

Staff members as at 30 June 2015



50
CELEBRATING
50 YEARS OF VCS

12,006,312

smears reported
by 30 June 2015

1965

VCS established

as a joint venture initiative between Cancer Council, Prince Henry's Hospital and the Victorian State Government (originally Victorian Cytology Gynaecological Service)

90%

coverage achieved and mortality rates drop*

1975
% of the screened population, in some age groups.
*carcinoma of the cervix in Victoria

7% coverage

1966
% of the screened population of Victorian females

487 'positive' results

1971
of the 137,717 smears received

10-15% coverage

1967
% of the screened population of Victorian females

\$1.72

1972
average smear cost

15 years

1980
VC(G)S celebrates its anniversary



1969

Prince Henry's Hospital, St Kilda Rd
(VC(G)S)



1989

265 Faraday St
Carlton
(VCS)



2008

250 Victoria Parade
East Melbourne
(VCCR & NHPVR)



2014

176 Wellington Parade
East Melbourne
(VCS Services)

100,000

1968

70,808

1966
smears received

155,000

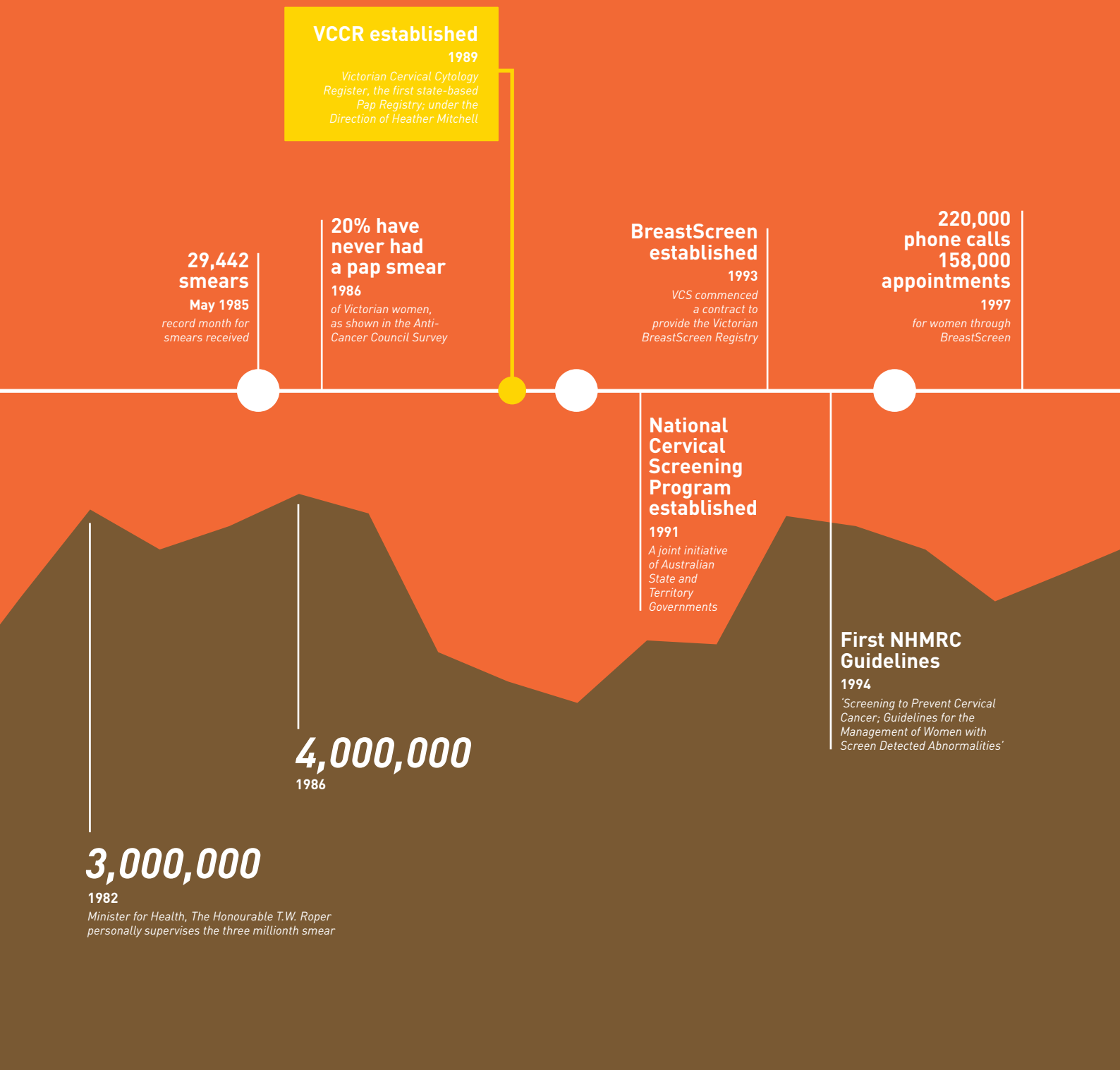
1972

137,717

1971

125,000

1970



VCCR established
1989
Victorian Cervical Cytology Register, the first state-based Pap Registry; under the Direction of Heather Mitchell

29,442 smears
May 1985
record month for smears received

20% have never had a pap smear
1986
of Victorian women, as shown in the Anti-Cancer Council Survey

BreastScreen established
1993
VCS commenced a contract to provide the Victorian BreastScreen Registry

220,000 phone calls
158,000 appointments
1997
for women through BreastScreen

National Cervical Screening Program established
1991
A joint initiative of Australian State and Territory Governments

First NHMRC Guidelines
1994
'Screening to Prevent Cervical Cancer; Guidelines for the Management of Women with Screen Detected Abnormalities'

4,000,000
1986

3,000,000
1982
Minister for Health, The Honourable T.W. Roper personally supervises the three millionth smear



1978
Univac V77/600 mini-computer replaced virtually all existing clerical activities



1985
new computer software and ergonomic review of work stations, including new microscopes



2001
iPod and headphones to drown out the background music!



1964 Dr Michael Drake *Director*
1988 Dr Gabriele Medley *Director*
2000 Dr Marion Saville *Director*

OUR VISION IS TO PREVENT CANCER AND INFECTIOUS DISEASES THROUGH EXCELLENCE IN THE PROVISION OF PUBLIC HEALTH SERVICES SUPPORTING SCREENING AND VACCINATION

VCS Inc. operates three separate services – VCS Pathology, the Victorian Cervical Cytology Registry (VCCR), (incorporating South Australian Cervix Screening Program Register), and the National Human Papillomavirus Vaccination Program Register (NHVPR).



VCS



VCS Pathology



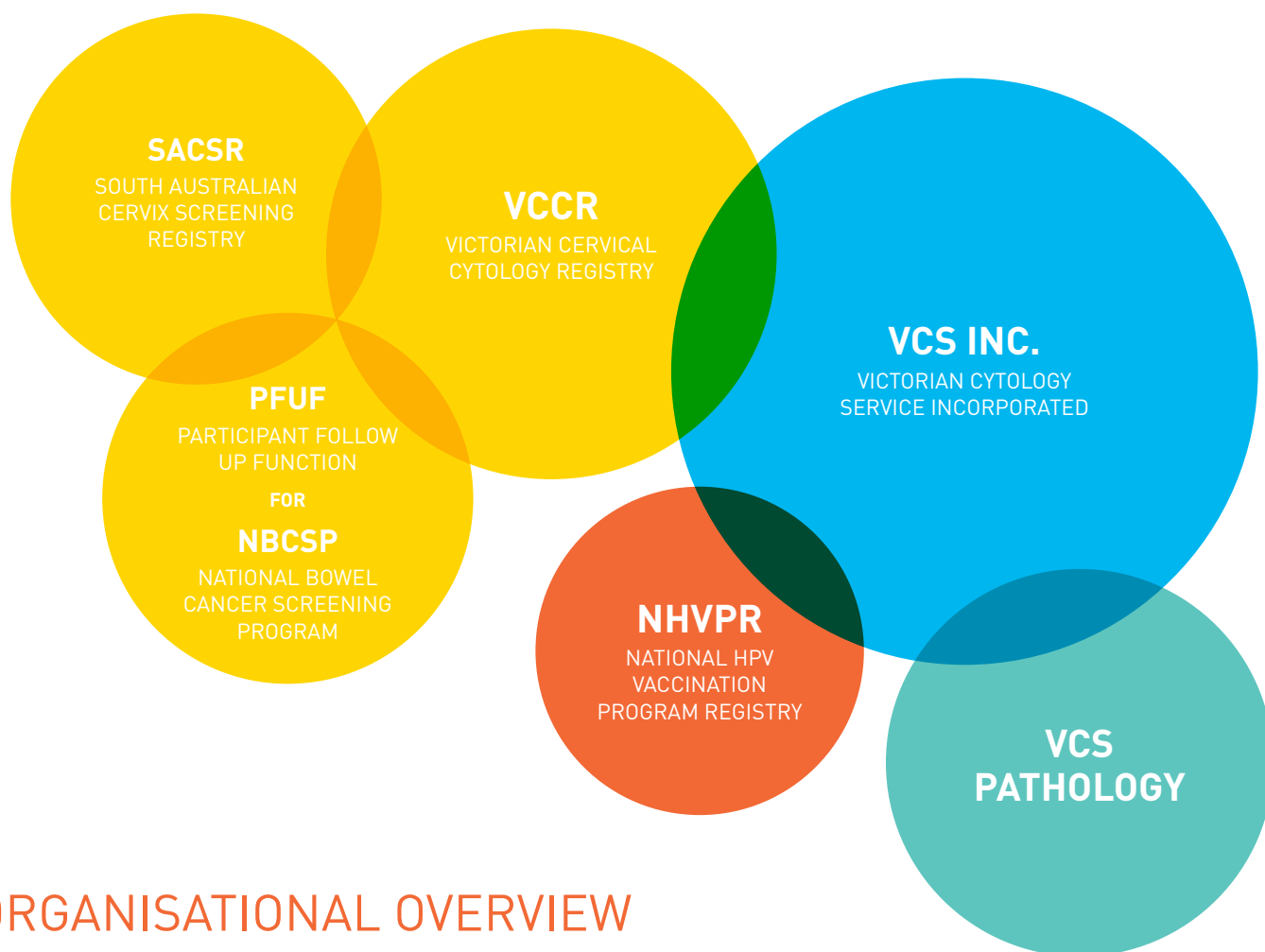
Victorian Cervical
Cytology Registry



National HPV Vaccination
Program Register

Organisational Overview	4
Financial Summary	6
President and Executive Directors' Report	8
Highlights	10
VCS Published Articles	13
Outcomes Against Strategic Objectives	14
VCS Pathology	16
VCCR and its Impact on Cervical Screening in Australia	18
National Human Papillomavirus Vaccination Program Register	20
Executive Team Structure	23
The VCS Workforce	24
VCS Board of Directors	26
Governance	28
Audit and Finance Committee Treasurer's Report	32
Glossary	50
VCS Celebrates 50 Years	52





ORGANISATIONAL OVERVIEW

VCS INCORPORATED (VCS INC.)

VCS Inc. is a Health Promotion Charity focused on reducing the impact of cancer and sexually transmissible infections through screening and vaccination. We achieve this by providing high quality evidence based laboratory and registry services, education and support, and policy relevant research and evaluation.

Established in 1964 as a joint initiative between the Victorian State Government, the Anti-Cancer Council of Victoria and Prince Henry’s Hospital, the organisation has a proud history of helping to reduce the incidence of cervical cancer in Victoria. Since its establishment, VCS Inc. has expanded its reach with the introduction of new technologies, and through broadening its mandate into the prevention of other diseases of public health importance. VCS Inc.’s experience and commitment to excellence in the provision of registry and laboratory services places the organisation in a prime position to successfully expand its public health registry and laboratory services to other cancers and sexually transmissible infections preventable by screening.

VCS Inc. is incorporated under the Incorporated Association Reform Act 2012 (Vic.) and governed by a Board of Directors. VCS Inc. operates three separate services – VCS Pathology, the Victorian Cervical Cytology Registry (VCCR) (incorporating South Australian Cervix Screening Registry) and the National Human Papillomavirus Vaccination Program Register (NHVPR).

VCS PATHOLOGY

VCS Pathology is a laboratory service that specialises in gynaecological cytology, histopathology and related molecular microbiology. The organisation’s core laboratory service is the reporting of around 300,000 conventional Pap smears per annum, representing approximately 50% of the total number of Pap smears taken in Victoria and making it the largest single laboratory reporting Pap smears in Australia. Australian and Victorian state government funding ensures that the laboratory reporting of Pap smears is provided free of charge to women.

VCS Pathology is a fully accredited (NATA and RCPA) laboratory for the testing and reporting of the following pathology tests:

- Cervical cytology, conventional and liquid based
- Gynaecological histopathology
- HPV and chlamydia tests.

VCS Pathology also provides free educational health updates and telephone advice to medical practitioners and health professionals. Updates cover a range of topics from the National Cervical Screening Program to Pap test techniques, HPV and Chlamydia testing and the interpretation of results.

VCS Pathology employs Pathologists, Scientists, Laboratory technicians, Clerical and Administrative staff, Liaison Physicians and Managers. VCS Pathology operates a fully accredited laboratory and operates a Courier Fleet for specimen collection and report delivery. Service delivery is underpinned by a sophisticated Laboratory Information System that provides diagnostic support and supports the maintenance of quality.

VICTORIAN CERVICAL CYTOLOGY REGISTRY (VCCR)

VCCR is a key component of the cervical screening program in Victoria. It records and maintains a secure record of almost all Pap smears performed in Victoria and administers a comprehensive reminder and follow-up program for each Victorian woman who has her Pap smear result recorded on the register. VCCR works closely with, and supports, all pathology laboratories in Victoria (both public and private – including VCS Pathology), and PapScreen Victoria.

The VCCR contains a linked record for each woman containing details of each Pap smear and subsequent investigations. This database is used to remind women when their Pap smear is overdue and to remind women and doctors when the follow-up of abnormal results is apparently overdue.

To assist laboratories reporting Pap smears, VCCR provides Pap smear result summaries and quantitative data for quality purposes. The register is also responsible for producing statistical information and reports on cervical screening.

Service delivery is underpinned by a sophisticated Registry IT system which supports accurate data matching. The IT system assists laboratories and practitioners by delivering a comprehensive reminder and follow up system for women and practitioners. VCCR is funded for its Victorian operations by the Victorian Government's Department of Health and Human Services.

Participant Follow Up Function (PFUF) for the National Bowel Cancer Screening Program (NBCSP)

In March 2013, VCS Inc. entered into a contract with the Victorian Department of Health to deliver the Participant Follow Up Function (PFUF) in Victoria for the National Bowel Cancer Screening Program (NBCSP). VCCR is responsible for the delivery of the PFUF service. The primary objective of the service is to follow up Victorian participants in the Bowel Screening Program who have received a positive Faecal Occult Blood Test (FOBT) result to ensure that they progress along the screening pathway and receive appropriate care. VCCR also delivers the bowel screening liaison function; ensuring health services understand their role in the NBCSP screening pathway and that the NBCSP Registry receives timely and quality data for Victorian NBCSP participants.

South Australian Cervix Screening Registry (SACSR)

In February 2014, VCS Inc. entered into a contract with the South Australian Department of Health to operate the cervical screening register on behalf of the South Australia Cervix Screening Program. VCCR is responsible for the operation and management of the South Australian Cervix Screening Registry (SACSR), which commenced 30 June 2014. The SACSR performs the same functions as VCCR; administering a comprehensive reminder and follow-up program for each South Australian woman who has her Pap smear results recorded with the register. The SACSR utilises VCCR processes and protocols and the same sophisticated Registry IT system utilised by VCCR. The move to using VCCR's established Registry Information System and use of their experienced data management team has enabled SA screening data to be forwarded to the Australian Institute of Health and Welfare for Safety Monitoring purposes for the first time and also allowed for a comprehensive Statistical Report to be made available later this year reflecting the performance of the screening program.

VCCR employs Epidemiologists, Health Information Managers, Researchers, Clerical and Administrative staff, Liaison staff and Managers.

THE NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER (NHVPR)

NHVPR was established by VCS Inc. in 2008 on behalf of the Australian Government's Department of Health to support the National HPV Vaccination Program. The Register supports the effective delivery and completion of HPV vaccination courses and the monitoring and evaluation of the National HPV Vaccination Program. The NHVPR is a national register which records HPV vaccine dose information for doses administered in Australia.

The primary functions of the register are to:

- create individual consumer immunisation records (following notification by immunisation providers of the HPV vaccinations administered);
- provide information about the immunisation status to the individuals vaccinated and immunisation providers on request;
- generate individual reminders and history statements as a follow up and reminder service; and
- provide research and statistical information and/or reports on the National HPV Vaccination Program.

NHVPR employs Epidemiologists, Health Information Managers, Researchers, Clerical and Administrative staff, Liaison staff and Managers. Service delivery is underpinned by a sophisticated Registry IT system. The IT system matches incoming vaccine dose reports to previous dose records to create a complete record for each participant. It generates reports on doses which are overdue and provides a history statement service for those whose vaccine courses are incomplete.

RESEARCH, EDUCATION & TRAINING

VCS Inc. activities extend beyond the provision of laboratory and registry services. The organisation plays a key role as a centre for research and teaching, and provides advice to state and federal governments to assist with policy formulation.

Research, education and training activities include:

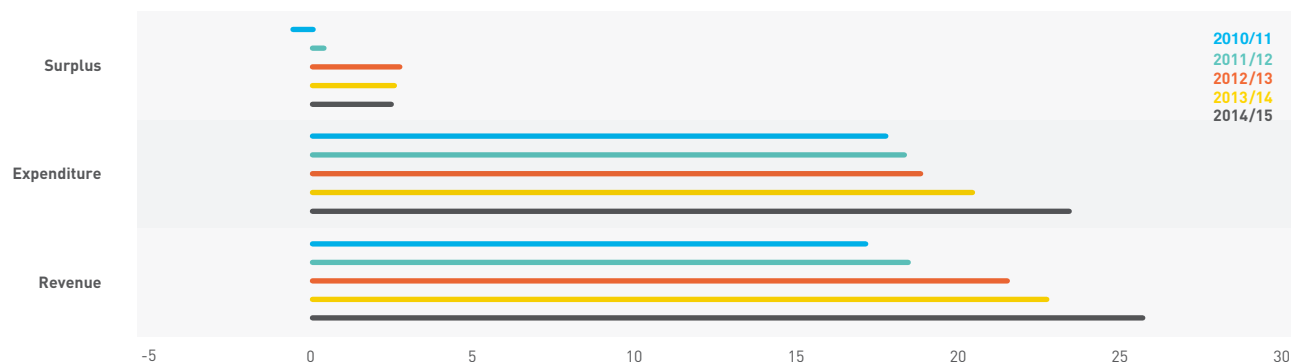
- Maintaining a teaching and training centre for diagnostic cytology, with links to major teaching hospitals and universities.
- Education and training of scientific and medical undergraduates, scientists, pathology registrars and pathologists. The Royal College of Pathologists of Australasia has accredited VCS Pathology for the training of candidates in Anatomical Pathology. This accreditation is valid until December 2017.
- Conducting and supporting scientific research including investigations into new technologies, evaluation of the effect of HPV vaccination in the population, HPV vaccination coverage, and the epidemiology of cervical cancer, leading to publication of findings in the international scientific literature.
- Providing educational sessions for medical practitioners and health professionals to assist them in refining their skills and improving the way Pap smears are performed.

FINANCIAL SUMMARY

VCS has continued to perform well financially and has no debt, reporting an operating surplus of almost \$2.4 million for the 2014-15 financial year. This is on the back of a 12.5% increase in revenue to over \$25.7 million. As a charity, our Purposes ensure that any surpluses generated through our activities are re-invested into health-focused initiatives for the benefit of all Australians. This includes improvements to our current services or alternatively, new research projects that support our vision.

The financial size and capability of VCS will always adjust to the program of services provided. We therefore operate as a 'net investor', adding value to our programs and services by continual re-investment. Key financial performance outcomes compared to previous years are shown in the charts below.

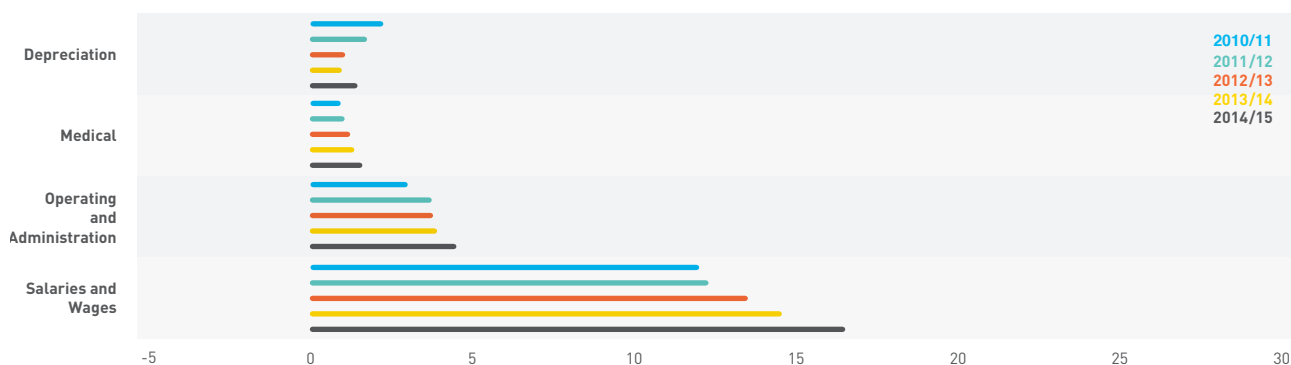
Annual Financial Performance \$M



VCS is a major employer in Victoria and our workforce has grown significantly in recent years, with most of this growth in our registries divisions to support the NHVPR, SASCR and the PFUF (Vic). The recent highly successful transition and operation of the SASCR contract with the Government of South Australia highlights the

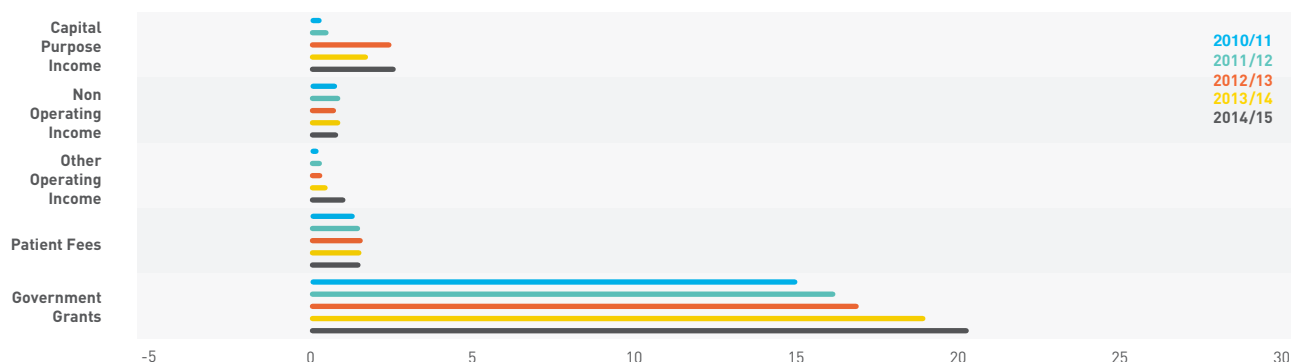
capabilities of VCS, and has required leasing new office accommodation for our growing workforce. The expenditure profile of VCS is therefore heavily weighted towards service delivery costs, particularly salaries and wages as shown by the analysis per expenditure category for the major expense items below.

Annual Operating Expenditure \$M



Supporting the above expenditure is revenue in the form of operating grants, fees and charges from the various government funding providers, patients, and other stakeholders who rely on VCS to deliver its services as follows.

Annual Income by Source \$M



THE YEAR AHEAD

COMMENCEMENT
OF THE 2015/20
STRATEGIC PLAN

MOVING THE
ORGANISATION
FROM AN
INCORPORATED
ASSOCIATION
TO A COMPANY
LIMITED BY
GUARANTEE

**DEVELOPMENT OF
TENDER BIDS FOR:**

- THE NATIONAL
CANCER SCREENING
REGISTER
- THE AUSTRALIAN
SCHOOL VACCINATION
REGISTER

PREPARING THE
LABORATORY
EQUIPMENT AND
PROCESSES FOR
THE CHANGES IN
THE SCREENING
PROGRAM

ACCELERATION
OF RECRUITMENT
FOR THE
COMPASS TRIAL

PRESIDENT AND EXECUTIVE DIRECTORS' REPORT

2015 marks the 50th year of VCS Inc.'s service. Formed in 1964 as a joint venture initiative between the Victorian State Government, the Cancer Council and Prince Henry's Hospital, VCS has a proud history in helping to reduce the incidence of cervical cancer in Victoria. While the cervical screening program has always been our primary focus, over our 50 years we have sought to expand our activities in related fields, utilising the significant skills and experiences we have gained to reduce the impact of other cancers as well as sexually transmissible infections.

VCS was honoured to commemorate its golden anniversary with a celebration at Government House on 20 February 2015, hosted by the Governor of Victoria, the Honourable Alex Chernov AC QC. This event was an important milestone for VCS and the occasion was further signified by speeches from the Lieutenant Governor, the Hon Marilyn Warren AC, and the Premier's Representative, Mr Colin Brooks. We were thrilled that our two previous Executive Directors, Dr Michael Drake and Dr Gabriele Medley, were also able to attend. Building on our extensive history, a strategic plan to launch the organisation into the future is now underway and we expect to be providing an update report in 2065!

This is the last year of reporting against the 2012/15 Strategic Plan. The implementation of this plan set a new course for VCS Inc. in response to the changes expected to the National Cervical Screening Program. These changes were anticipated as a result of the national HPV vaccination program changing the underlying risk of HPV infection in the population.

Cervical cancer prevention strategies have been undergoing significant change for some years. These changes are now accelerating and are driven by the implementation of a successful HPV vaccination program for girls and the later extension of the program to boys in 2013. Successive Australian Governments have responded to these changes by undertaking a 'Renewal' of the National Cervical Screening Program. It has been recognised that cervical cytology will no longer be the optimal primary screening test and that better health outcomes, with less intensive testing, can be expected by testing primarily for the presence of oncogenic (cancer causing) HPV. The government's Renewal program is due to be implemented in May 2017.

At this time, across Australia approximately 2.4 million conventional Pap smears will disappear to be replaced by around 1.3 million HPV tests and around 340,000 Liquid based cytology tests, annually. There will be a proportionate impact for VCS Pathology.

Because there will be a need for more HPV tests, VCS Pathology has added molecular microbiology to its suite of testing activities and now offers HPV and Chlamydia tests. In addition the organisation, in conjunction with the Cancer Council NSW, is conducting a major clinical trial of HPV based screening compared to cytology based screening, the Compass trial.¹ The recruitment of 5,000 women into a pilot study is complete and the main trial aiming to recruit 121,000 women commenced in January 2015.

¹ www.compasstrial.org.au

THE CHANGES ASSOCIATED WITH THE INTRODUCTION OF THE HPV VACCINATION AND THE RENEWED SCREENING PROGRAM WERE ANTICIPATED WHEN THE 2012/15 STRATEGIC PLAN WAS DEVELOPED.

Three key objectives were identified to enable VCS to position itself as a leader in reducing the impact of cancer and sexually transmissible infections through screening and vaccination, and to transition the laboratory and registry functions to enable a seamless service provision to our referrers and stakeholders when Renewal is implemented in 2017.

1. Contributing to Change, Adapting to Change

- We will undertake a pilot trial, Compass. Women will be drawn from select practices referring to VCS who have agreed to participate in the trial. The pilot study is to inform a much bigger study which we hope to commence in the next several years and which we believe will be a landmark study not only in Australia but also internationally.
- We will continue to educate clinicians through our Liaison Physicians. They will provide updated information designed to support practitioners' understanding of changes to cervical cancer prevention in Australia and to increase awareness about recommendations for testing appropriately for Chlamydia infection.

2. Meeting our Infrastructure Needs

- Ongoing improvements in the laboratory will be undertaken in order to meet the needs not only of the Compass trial but also to support the growth in microbiology testing for HPV and Chlamydia.
- We intend to secure new premises that will allow a degree of expansion and co-location of VCS Pathology, VCCR and NHVPR.
- We intend to update our ICT systems and platform, starting with an update of the system supporting the VCCR, in order to increase our capability to pursue strategic opportunities and to grow within the rapidly evolving external Health IT landscape.
- In order to secure the funding required to undertake these activities, we will need to continue to meet and exceed the expectations of the Department of Health and Human Services (Vic).

3. Broadening our Public Health Perspective

- We intend to position our organisation to operate registries supporting screening for a broader range of cancers, and in a broader range of jurisdictions.
- We will be leaders in the provision of high quality, bulk billed Chlamydia testing.

This report provides an overview of achievements against each of these objectives as well as providing highlights of events that occurred during the year.



IN SUMMARY

2014-15 has been an exceptional year for VCS with the establishment of the Compass Main Trial and the continued successful operations of the new business units, PFUF and the SA Cervix Screening Register. Respective State and Federal Government Departments have provided service satisfaction assurance by extending the PFUF and NHVPR contracts for a further year with one year options.

Major infrastructure developments are well underway to meet the needs of the Renewal Program and the foundations have been laid for several exciting projects to progress in 2015-17 including a tender bid to run the proposed National Cancer Screening Register.

VCS strongly values its working relationships with Government Departments and key stakeholders, without whom we could not continue to provide cancer prevention services to the women of Australia. The VCS Board of Directors, Executive Directors, Senior staff and their teams are committed to the ongoing success of VCS. The level of professionalism, dedication and enthusiasm from this collaboration is key to our organisation's future and we sincerely thank them.

The 2015/20 Strategic Plan is currently in development and has included an extensive consultative process involving Key Stakeholders, the Executive and Senior Management team of VCS and the Board of Directors. The forward look of the plan has increased from three years to a five year planning horizon. The new vision – *to prevent cancer and infectious diseases through excellence in the provision of public health services supporting screening and vaccination* – will be underpinned by reportable measures that are currently under development. The new plan will take the organisation into *Renewal and Beyond...*

SANDY ANDERSON (RIGHT)

President

MARION SAVILLE (LEFT)

Executive Director

.....

**ACROSS AUSTRALIA,
APPROXIMATELY 2.4 MILLION
CONVENTIONAL PAP SMEARS
WILL DISAPPEAR TO BE
REPLACED BY AROUND
1.3 MILLION HPV TESTS AND
AROUND 340,000 LIQUID BASED
CYTOLOGY TESTS, ANNUALLY.**

**BECAUSE THERE WILL BE A
NEED FOR MORE HPV TESTS,
VCS PATHOLOGY HAS ADDED
MOLECULAR MICROBIOLOGY
TO ITS SUITE OF TESTING
ACTIVITIES AND NOW OFFERS
HPV AND CHLAMYDIA TESTS.**



VCS INC. ANNUAL REPORT 2015
CELEBRATING 50 YEARS

HIGHLIGHTS

50TH ANNIVERSARY

VCS was very honoured to have its 50th Anniversary celebrations hosted by the Governor of Victoria, the Honourable Alex Chernov AC QC, on Friday 20 February, 2015 at Government House, Melbourne. This event was an important milestone for VCS and the significance of the occasion was further marked by speeches from the Lieutenant Governor, the Hon Marilyn Warren AC, the Premier's Representative, Mr Colin Brooks, and the VCS Board President, Ms Sandy Anderson. Of the 350+ guests in attendance, VIP guests included Board members past and present together with Dr Michael Drake and Dr Gabriele Medley, Leaders of VCS since its inception in 1965. VCS staff and PCC2015 delegates were also in attendance.



FROM TOP

All VCS Directors past and present and Board President –
(L-R) Dr Gabriele Medley, Ms Sandy Anderson (Board President),
A/Prof Marion Saville (Executive Director), Mr Michael Drake A.O.

Celebrations in the State Ballroom
Government House, Melbourne

Hon Marilyn Warren AC
Premier's Representative Mr Colin Brooks

PCC2015

Following the success of the two previous Preventing Cervical Cancer: Integrating Screening and Vaccination Conferences (PCC2009 & PCC2011), a further conference, PCC2015, was held at the Sofitel Hotel Melbourne on 20-22 February 2015 in association with the National Centre for Immunisation Research and Surveillance of Vaccine Preventable Diseases. PCC2015 was opened by the Hon Jill Hennessy, Minister for Health (Vic.) and Indigenous Elder Georgina Nicholson provided a Welcome to Country ceremony.

The conference provided a forum for leading experts to share their vision and influence policy development in the prevention of cervical cancer. Approximately 250 national and international delegates from across all areas of cervical cancer prevention attended allowing free flow of communication between the different disciplines contributing to the prevention of cervical cancer. The location of the venue also provided an opportunity for many VCS staff to attend. The aim of the conference was to consider how the approach to cervical cancer prevention should be optimised to take advantage of the opportunities afforded by HPV vaccination in order to achieve improved outcomes for all Australian women. There was also a particular focus on 'closing the gap' for Aboriginal & Torres Strait Islander women who are currently over-represented in figures for mortality from cervical cancer.

A subsequent survey of the conference showed high satisfaction ratings from the delegates prompting a further conference to be scheduled for 2017. The presentations from the conference can be found at www.pcc2015.org.au.



SPEAKERS, L-R
Hon Jill Hennessy (Minister for Health (Vic.)),
Georgina Nicholson (Wurundjeri Elder),
A/Prof Marion Saville (Executive Director)

FAR LEFT
PCC2015, Sofitel Melbourne

LEFT, L-R
Ms Juliann Byron (Treasurer VCS Board),
Ms Sandy Anderson (President VCS Board),
Hon Jill Hennessy (Minister for Health (Vic.)),
A/Prof Marion Saville (Executive Director)

VCS INC. ANNUAL REPORT 2015
CELEBRATING 50 YEARS

HIGHLIGHTS

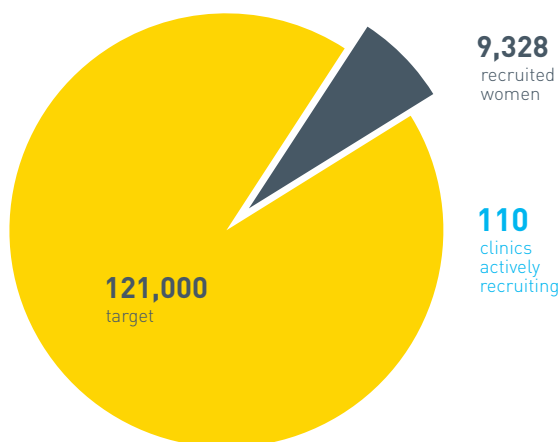
FULL RECRUITMENT OF COMPASS PILOT TRIAL (5,000 WOMEN)

A pilot study for Compass successfully recruited 5,000 women from 2013-2014. Recruitment was carried out in 47 primary practice and community clinics across Victoria. The successful completion of the recruitment phase of the pilot study has meant that fully operational systems for trial recruitment, primary practitioner training, information and materials for women and practitioners, randomisation, registry invitation and reminder letters, laboratory processing, and data cleaning and analysis have now been established. Preliminary findings from the pilot study were presented to the trial Safety Advisory Committee in May 2014 and the Independent Data and Safety Monitoring Committee in October 2014. In brief, the findings indicate that the laboratory and referral procedures are practical and that women can be successfully enrolled into a trial of this nature, with the recruitment rate at most participating practices over 50%.

LAUNCH OF COMPASS MAIN TRIAL

The Compass Main Trial is our most significant strategic project. This large randomised clinical trial of alternative methods of screening to prevent cervical cancer commenced in January 2015 following the pilot trial of 5,000 women. This will be a trial of 121,000 women, intended to be nationally and internationally significant in informing the optimal screening pathways to prevent cervical cancer, taking account of the impact of technological change. The commencement of the main trial has required a major enhancement to the Computer Information System (CIS), ethics approval and trial registration. These activities, amongst many others required to launch the trial, involved an enormous amount of hard work and collaboration from staff across all areas of the organisation. The Liaison Physicians have been hard at work providing education sessions to many GPs, GP registrars, medical students, nurse Pap providers and gynaecologists. These sessions have met with increasing interest and by the end of June 2015 there were 110 participating clinics and 9,328 women recruited. Full details of the Compass trial, including a list of participating clinics, can be found at www.compass-trial.org.au.

Recruitment progress for women (as of June 2015)



ARA AWARDS

VCS strives for continual improvement in external reporting – our 2013/2014 Annual Report was submitted to the Australasian Reporting Awards (ARA) and received a Bronze Award.



RESEARCH TO INCREASE PARTICIPATION IN UNDERSCREENED WOMEN

Acceptability of self-sampling has been tested in a large randomised study, the iPap trial, which was funded by the NHMRC and undertaken in collaboration between VCS and partners at the University of Melbourne. Kits to allow self-sampling for HPV testing were mailed by VCCR to a sample of women who had never had a Pap smear or were significantly overdue for one. Preliminary results show that of 16,000 Victorian women aged 30 to 69, 20% returned the mailed kit, compared with just 6% who presented for a Pap smear on receipt of a reminder letter alone.

As part of the iPap trial, we also formally evaluated whether a dry flocked swab could be used for self-sampling as an alternative to sampling devices that required the use of preservative liquid. A pilot study of the method confirmed that using dry swabs to collect cervical cells is a valid alternative to collecting wet samples for HPV DNA testing using a PCR-based test and is very easy for women to use. There was no statistical difference in the percentage of HPV-positive tests for practitioner-collected wet and dry cervical samples. This makes use of dry flocked swabs an attractive low cost alternative.

"I wanted to thank you for this test. I was randomly selected to be part of this and after doing the test and getting the result I immediately made an appointment with my gynaecologist and he did a pap and biopsy. It indicated cervical cancer. If I didn't get this random test I would have never detected it. I immediately had surgery and had my cervix removed partially, (and) am expected to make a full recovery. My six and three year old girls thank you for saving their mum. Thank you so much for saving my life."

Name withheld

EXTENSION OF PFUF CONTRACT (TWO ONE YEAR EXTENSIONS FROM 30 JUNE 15)

The contract to run the National Bowel Cancer Screening Participant Follow Up Program was extended for a further year from 30 June 2015, for which \$318,589 in funding will be received.

EXTENSION OF NHVPR CONTRACT

VCS has been operating the NHVPR on behalf of the Department of Health and Ageing since 2008. An agreement was reached to extend the current contract for a period of 12 months, with an option to extend for a further 12 months. The NHVPR continues to meet all operational performance measures and targets required by the Department of Health as part of the contract.

VCS received \$3,799,471 in funding for 2015/16 for provision of this national registry service for another year.

2014/15 VCS PUBLISHED ARTICLES

REGISTRY DATA SUPPORT THE CONTENTION THAT THE QUADRIVALENT HPV VACCINATION PROGRAM HAS RESULTED IN SIGNIFICANT REDUCTIONS IN THE INCIDENCE OF SCREEN-DETECTED HIGH-GRADE CERVICAL LESIONS IN YOUNG WOMEN IN AUSTRALIA

Cancer Causes Control. 2015 Jun;26(6):953-4

Sepehr N Tabrizi, **Julia M L Brotherton**, John M Kaldor, S Rachel Skinner, Bette Liu, Deborah Bateson, Kathleen McNamee, Maria Garefalakis, Samuel Phillips, Eleanor Cummins, Michael Malloy, Suzanne M Garland. *Assessment of herd immunity and cross-protection after a human papillomavirus vaccination programme in Australia: a repeat cross-sectional study*. Lancet Infect Dis. 2014 Oct;14(10):958-966

Julia M.L. Brotherton, C. David. H. Wrede. *Offering HPV vaccination to women treated for high-grade cervical intraepithelial neoplasia: what you need to know*. ANZJOG 2014;54:393-394

Alison C Budd, **Julia M L Brotherton**, **Dorota M Gertig**, Theresa Chau, **Kelly T Drennan**, **Marion Saville**. *Cervical screening rates for women vaccinated against human papillomavirus*. Medical Journal of Australia 2014;201:279-282

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OUTCOMES AGAINST STRATEGIC OBJECTIVES

1. CONTRIBUTING TO CHANGE, ADAPTING TO CHANGE

We will undertake a pilot trial, Compass. Women will be drawn from select practices referring to VCS who have agreed to participate in the trial. The pilot study is to inform a much bigger study which we hope to commence in the next several years and which we believe will be a landmark study not only in Australia but also internationally.

The Compass trial effectively enables VCS to be early adopters of new technology while building on and extending the evidence base for the new approaches. The pilot study involving 5,000 women recruited from 2013-2014, has been performed. The objectives of the pilot study were to assess participant acceptance of the randomisation process and use of longer routine screening intervals; confirm the operational feasibility of laboratory processing procedures for two alternative HPV test platforms; to assess test positivity rates for the primary screening test in each arm; and to estimate the sensitivity and specificity of dual-stained cytology testing in women positive for HPV.

Recruitment was carried out in 47 primary practice and community clinics across Victoria. LBC samples were collected and randomised at VCS Pathology; screening invitation and reminder letters were sent via the VCCR. The successful completion of the recruitment phase of the pilot study has meant that fully operational systems for informing women and practitioners, primary practitioner training, trial recruitment, randomisation, laboratory processing, registry invitation and reminder letters, and data cleaning and analysis have now been established. Preliminary findings from the pilot study indicate that the laboratory and referral procedures are

practical and that women can be successfully enrolled into a trial of this nature, with the recruitment rate at most participating practices over 50%.

The main trial, aiming to recruit 121,000 women, commenced in January 2015 and is intended to be nationally and internationally significant in informing the optimal screening pathways to prevent cervical cancer, taking account of the impact of HPV vaccination and novel HPV testing technologies. From 1 May 2017, the Australian National Cervical Screening Program will move from 2-yearly Pap tests to a 5-yearly primary HPV test, with the screening age being raised from 18 to 25 years.

We will continue to educate clinicians through our Liaison Physicians. They will provide updated information designed to support practitioners' understanding of changes to cervical cancer prevention in Australia and to increase awareness about recommendations for testing appropriately for Chlamydia infection.

In late 2014 three additional part time (equivalent to one full time) Liaison Physicians were appointed to assist with educational sessions to medical practitioners and nurses to discuss principles of screening, explain the National Cervical Screening Program recommendations, provide realistic expectations of the Program, explain cervical sampling techniques, detail protocols to ensure women are informed of results and provide counselling strategies for women who do not have normal reports.

For the period 1 July 2014 to 30 June 2015, the liaison physicians delivered 211 talks to an audience of approximately 1,600 individual general practitioners.

2. MEETING OUR INFRASTRUCTURE NEEDS

Ongoing improvements in the laboratory will be undertaken in order to meet the needs not only of the Compass trial but also to support the growth in microbiology testing for HPV and Chlamydia.

In the first two quarters of 2015, HPV DNA testing increased by over 70% and our capacity to report HPV doubled with the installation of a second DNA based screening device – VCS now runs two Roche cobas 4800 machines. A new pre-test liquid handling device (Roche p 480) has also been installed and is the first in an Australian laboratory. The p 480 will assist scientists in handling the increased number of samples, firstly as part of Compass, and then with Renewal from 2017. Work continues in streamlining the Molecular Microbiology Laboratory, with the retirement in April this year of the previous generation Digene Hybrid Capture machine used for HPV DNA testing.

Molecular virologist Dr David Hawkes has been appointed to the role of Molecular Microbiology Manager. David is leading the ongoing development of systems and practice for DNA testing at VCS, with a strong focus on best laboratory practice and maintaining high quality of results.

We intend to secure new premises that will allow a degree of expansion and co-location of VCS Pathology, VCCR and NHVPR.

In May 2014 the registry services of VCS Inc. moved to larger premises in East Melbourne to provide space for the additional services of the National Bowel Cancer Screening Register Participant Follow Up Program (PFUF) and the operation of the South Australian Cervix Screening Register. VCS Pathology continues to refurbish the existing site in Carlton to meet the changing needs of the organisation, whilst continuing to scope for larger premises to house both the laboratory and registry services.

We intend to update our ICT systems and platform, starting with an update of the system supporting the VCCR in order to increase our capability to pursue strategic opportunities and to grow within the rapidly evolving external Health IT landscape.

The upgrade of the VCCR Registry ICT system to a new application on a contemporary platform commenced in 2013. This upgrade is required to support the Registry operations with the design considering the future strategic objective of operating at a National level and supporting additional cancer screening programs. The Department of Health and Human Services Victoria have generously committed \$2.3M of funding for the resourcing and infrastructure phases of this work which will also make the Registry 'Renewal ready'. We are fortunate to have our own in-house team of IT experts working on this project, complemented by external contractors. The target go live date for the first release is early 2016.

In order to secure the funding required to undertake these activities we will need to continue to meet and exceed the expectations of the Department of Health (Vic).

As part of the Department of Health and Human Services annual review, the following feedback was received in regard to whether VCS is meeting its service agreement requirements:

"VCS have provided valuable operational information, strategic advice and input into preparation planning for the Renewal of the National Cervical Screening Program. Central to this, VCS have shown innovation and leadership in the development and implementation of the iPap and Compass trial, the results of which will shape policy development under Renewal. VCS also continue to contribute to policy and program development for the existing National Cervical Screening Program and are consistently proactive in providing information to the department, and efficient in responding to departmental enquiries.

VCS are to be commended for their success in the smooth transition of the South Australian registry to Victoria, a testament to the high performing VCCR. VCCR have also worked towards improving participation rates through letter campaigns, including reminder letters, second reminder letters and letters targeting young women. VCS shows commitment to improving health outcomes across all population groups and continues to provide valued participation in the underscreened program.

VCS CONTINUES TO PROVIDE HIGH QUALITY PATHOLOGY, REGISTRY, DATA ANALYSIS AND CLINICAL EDUCATION AND TRAINING SERVICES FOR THE CERVICAL SCREENING PROGRAM IN VICTORIA. VCS WORKS CLOSELY IN PARTNERSHIP WITH ALL PROGRAM PARTNERS INCLUDING PAPSCREEN VICTORIA AND THE DEPARTMENT OF HEALTH. THERE ARE NO CONCERNS REGARDING THE FINANCIAL POSITION OF THE ORGANISATION."

Department of Health and Human Services annual review feedback, 2014/15

3. BROADENING OUR PUBLIC HEALTH PERSPECTIVE

We intend to position our organisation to operate registries supporting screening for a broader range of cancers, and in a broader range of jurisdictions.

In May 2015 the Australian Government announced that a National Cancer Screening Register (NCSR) will be funded to support the expanded National Bowel Cancer Screening program and the Renewal of the National Cervical Screening program, as well as potential future cancer screening programs. Currently there are eight separate state-based cervical screening registers and an outdated, paper-based bowel screening register, all requiring significant updating to respond to recent changes in screening policy. The NCSR must be in place by 1 May 2017 to support the Renewal changes and there is an urgent need to upgrade the Bowel Register, most likely by 2018.

VCS is planning to extend its expertise in population registry services. We intend to respond to a request for tender for the NCSR, and preparations for the tender bid are already well advanced.

We will be leaders in the provision of high quality, bulk billed Chlamydia testing.

This financial year VCS has continued to be a provider of high quality, bulk billed Chlamydia testing. We have also been preparing to move testing to an innovative but well established platform which delivers a faster, reliable, high quality test. The new platform will further reduce the likelihood of testing error and will be combined with an upgrade of our quality control procedures. The transition of Chlamydia testing to the new platform should be completed by the fourth quarter of 2015.



VCS INC. ANNUAL REPORT 2015
CELEBRATING 50 YEARS

VCS PATHOLOGY

VCS Pathology strives to consistently provide accurate and timely laboratory services that meet or exceed community expectations and regulatory requirements. Our Pap smear screening service forms the core of our laboratory services. We also offer diagnostic services in molecular microbiology and histopathology. VCS Pathology's performance in all our

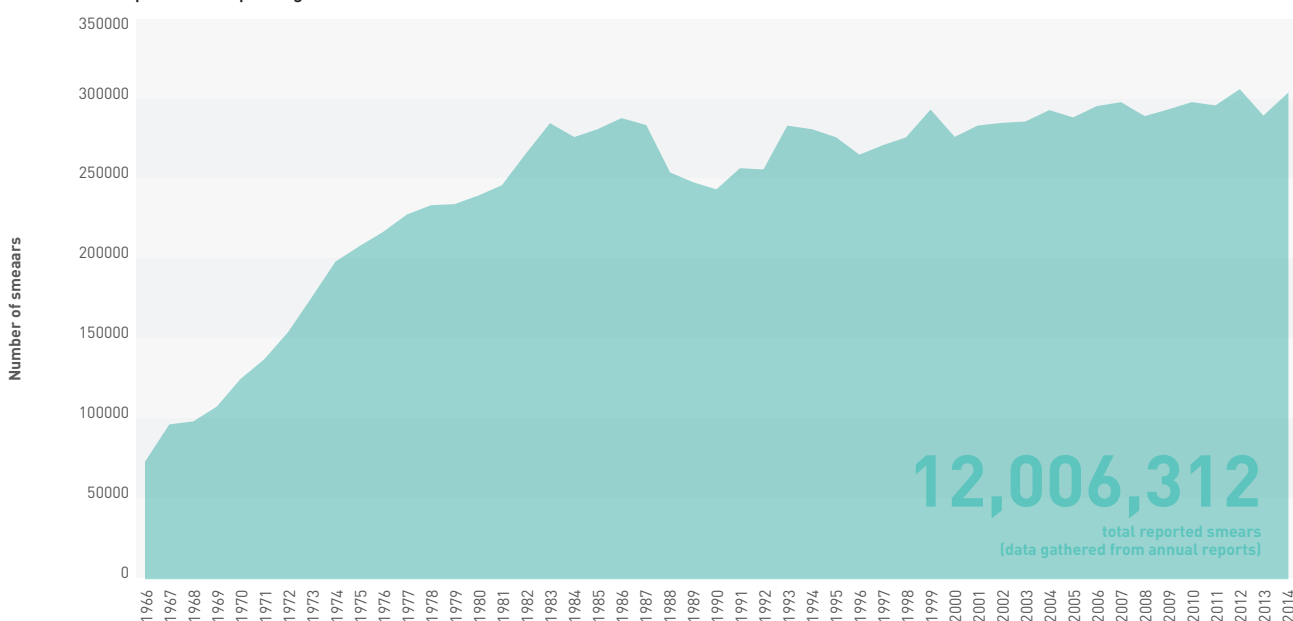
laboratory testing fields during 2014/2015 was maintained at a consistently high standard, monitored by our stringent Quality Assurance measures.

The following performance indicators outline VCS Pathology's achievements in our core laboratory services during 2014/2015.

PAP SMEAR REPORTING AND MARKET SHARE

Pap smear market share for the financial year was 50.22% an increase from 48.21% in the previous year. VCS Pathology reported a total of 302,366 smears in 2014/15 which included 6,063 Compass tests. This was an increase from the 289,308 smears reported in 2013/14. The increase in market share has been assisted by some commercial competitors beginning to charge up to \$40 for this service and medical practitioners looking to VCS as an alternative provider at no cost to women. Over the life of the organisation more than 12 million smears have been reported.

50 Years of Pap Smear Reporting



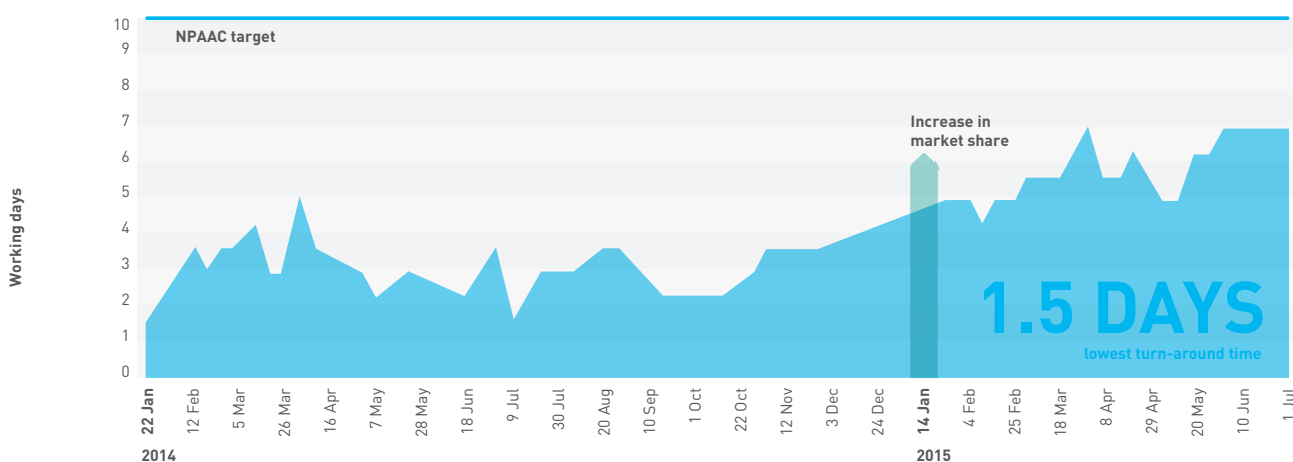
LABORATORY REPORTING TURN-AROUND TIMES

As part of the VCS Inc. quality monitoring system, internal targets have been set for test turn-around times (TAT). These targets differ depending on the type of test and are detailed below along with the volumes received for each test.

Pap Smears

Turn around times for Pap smears consistently remain below the National Pathology Accreditation Advisory Council's (NPAAC) requirement for 90% of cases reported within ten days of receipt in the laboratory. The increase seen in 2015 is due to larger than usual smear volumes (6,996 more than the previous year) reflecting an increase in market share with many laboratories winding back cervical cytology screening in light of the pending changes to the National Cervical Screening Program.

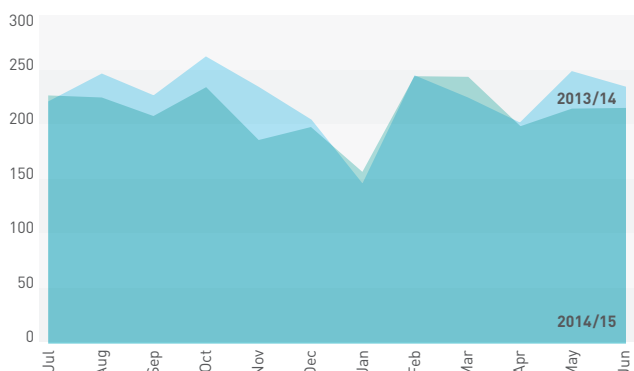
Pap Smear Turn-around Time



Histology

Histology volumes were 2,526 cases for the year, a slight decrease from 2,679 in 2013/14.

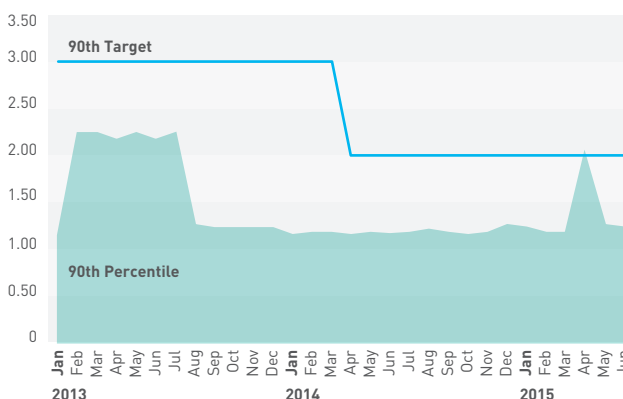
Histology Volumes



Histology Turn-around Times (TAT)

An internal target has been set for histology specimens received in the laboratory to be processed and reported within 24 hours of receipt and the more complex cases reported within 48 hours of receipt (90th percentile of cases). These targets were reduced in April 2014 as the targets were being consistently met, particularly following the introduction of in-house p16 staining, used to increase accuracy and agreement among pathologists when evaluating cervical biopsies.

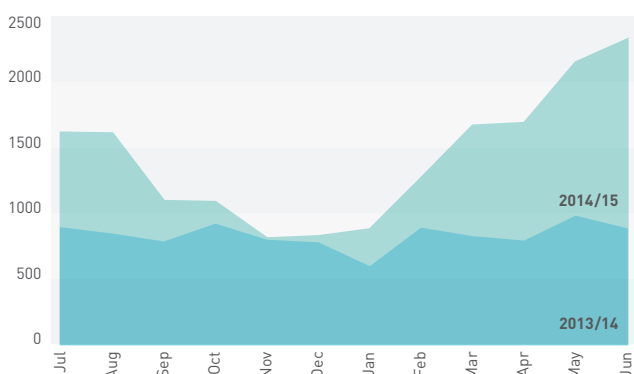
Histology Internal



HPV

HPV test numbers have increased as a result of the Compass trial. The total number of tests reported for 2014/15 was 17,015 compared to 9,863 in the previous year.

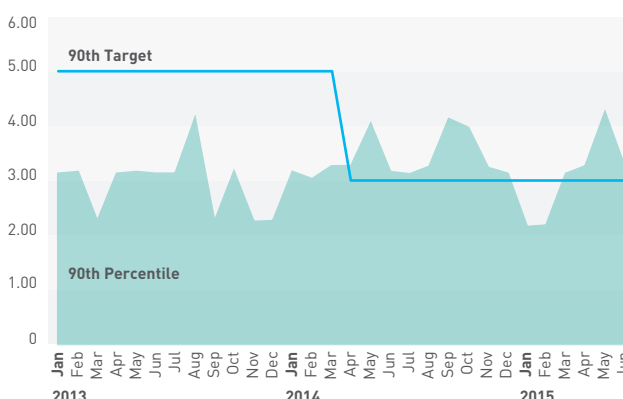
HPV Testing Volumes



HPV Turn-around Times

The previous internal target for HPV turn-around time from receipt in the laboratory to validation was that 90% of cases should be reported within 5 days. As the target was consistently being met it was reduced to 3 days commencing in April 2014. Averaged over the financial year this target was met at 3.28 days. This measure is expected to continue to improve when more samples are received as a result of the Compass trial. Higher volumes allow for faster turnaround within the laboratory.

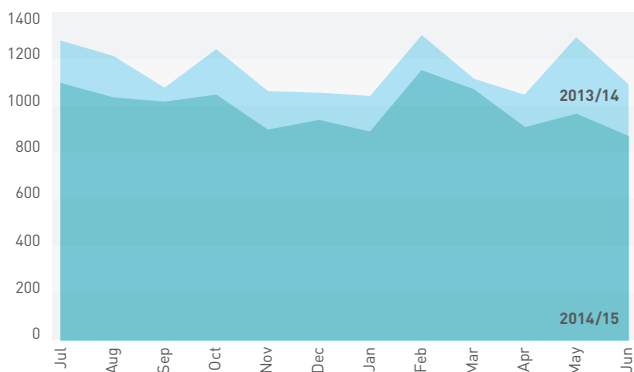
HPV Internal



Chlamydia

Chlamydia testing has declined slightly with a total of 11,844 tests reported in 2014/15 compared to 13,726 in the previous year. Based on the available Medicare Benefits Schedule data, the market has seen an overall decline in the number of Chlamydia tests taken.

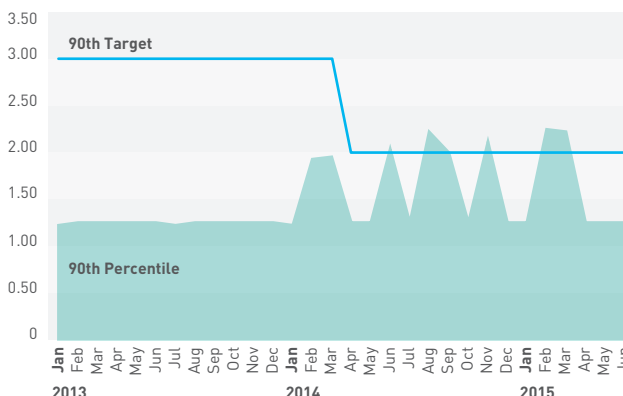
Chlamydia Testing Volumes



Chlamydia Turn-around Times

The internal turn-around time target for chlamydia reporting has been reduced from less than 3 days to less than 2 days from receipt in the laboratory to validation, as the target was being consistently met. The spikes seen in the graph represent a small number of samples and the variation is minimal (less than 1 day).

Chlamydia Internal



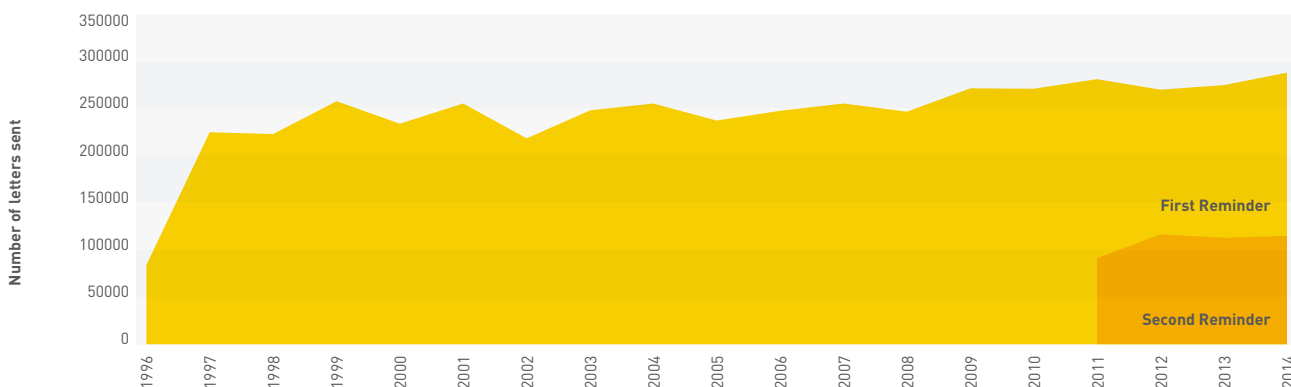
VCCR AND ITS IMPACT ON CERVICAL SCREENING IN VICTORIA

REMINDER SYSTEM

In the 2014 calendar year, VCCR sent a total of 404,596 reminder letters to women overdue to have a Pap test, including 289,440 first reminders and 115,156 second reminder letters. The figure below shows the numbers of first and second reminder letters sent to women overdue for a Pap smear over time, with more than a quarter of a million letters being sent to Victorian women each year. Over the last two decades VCCR has sent more than five million reminder letters to women.

Between June and December of 2011, the VCCR conducted a trial of the effectiveness of a second reminder letter to overdue women. An evaluation with the Victorian Department of Health and Human Services showed that a second reminder letter was effective in encouraging overdue women to have a Pap test, and this is now an ongoing strategy as part of follow-up conducted by the VCCR.

Number of reminder letters sent by the Victorian Cervical Cytology Register, 1996-2014



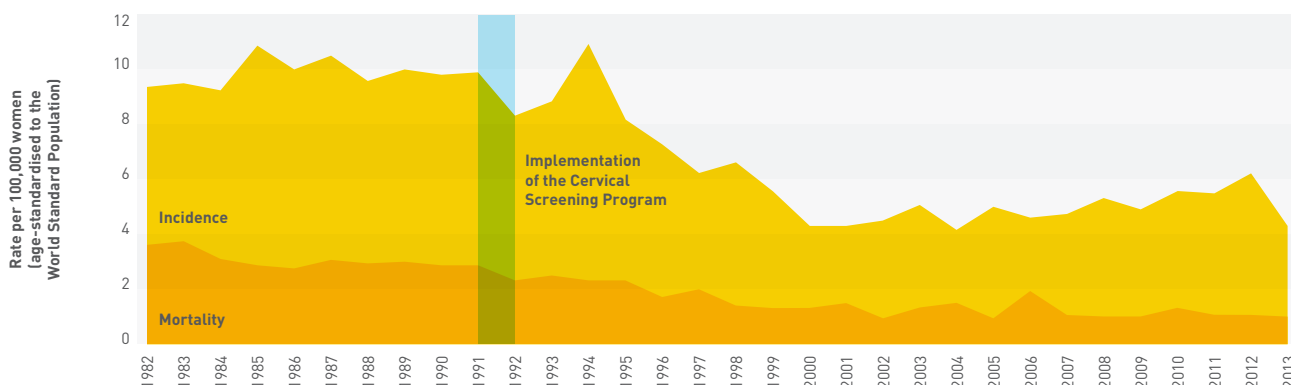
VCCR SUPPORTING THE CERVICAL SCREENING PROGRAM IN REDUCING THE INCIDENCE AND MORTALITY OF CERVICAL CANCER IN VICTORIAN WOMEN

The aim of the cervical cancer screening program is to reduce the incidence of and mortality from cervical cancer. Data on cancer incidence and mortality are collected by the Victorian Cancer Registry and notifications are compulsory from laboratories, hospitals and the Victorian Cervical Cytology Registry (VCCR).

The VCCR was established in 1989 and the Cervical Screening Program was implemented in 1991. The figure below shows the incidence and mortality age-standardised rates of cervical cancer in Victoria for the last two decades up to 2013 (latest data available).² The figure shows that, from the mid-1990s, there has been a considerable decline in the rate of cervical cancer incidence. This demonstrates the success of cervical screening in Victoria and the VCCR in conducting its primary functions of protecting women from cervical cancer. Since the year 2000, the incidence rate of cervical cancer for Victorian women has been around 4-5 per 100,000 women screened.

The mortality from cervical cancer in Victoria has declined gradually over time and, since 2002, has been around one per 100,000 women, which is among the lowest in the world.³ Again this demonstrates positive outcomes for the cervical screening program within Victoria and for the VCCR. The dramatic falls in incidence and associated mortality in the 1990s followed the introduction of the National Cervical Screening Program. There is great optimism that the National HPV Vaccination Program and the renewed National Cervical Screening Program will build on these longstanding successes to produce further falls in the incidence of and mortality from cervical cancer.

Incidence and mortality – all invasive carcinoma of cervix, Victoria 1982-2013



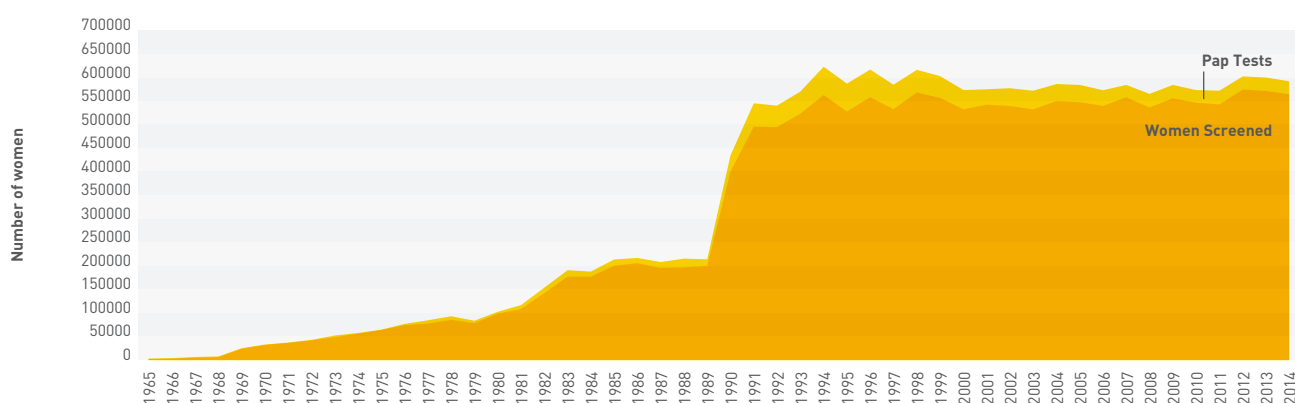
DATA PRODUCED BY THE VCCR ARE IMPORTANT TO ASSESS THE IMPACT OF THE HPV VACCINE ON HIGH-GRADE ABNORMALITIES IN WOMEN IN THE SCREENED POPULATION, AND HAVE RESULTED IN WORLD-FIRST INTERNATIONAL PUBLICATIONS IN THE SCIENTIFIC LITERATURE.

NUMBER OF PAP TESTS AND WOMEN SCREENED OVER TIME

The VCCR provides the data system to manage large volumes of women and Pap test data in a way that is beneficial for associated clinics and laboratories, and which facilitates the requirements of the screening program. In the 2014 calendar year, VCCR registered 591,426 Pap smears.

Since the introduction of an organised Cervical Screening Program in 1991, the numbers of Pap test records and women screened has increased significantly. The figure below shows the number of Pap tests and women having Pap tests in Victoria by year as recorded on the VCCR.

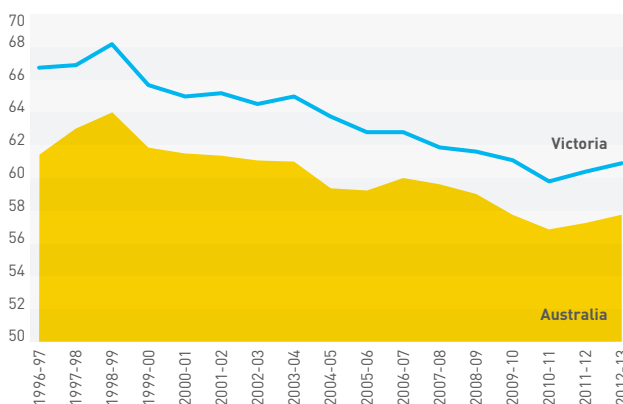
Number of Pap test episode records and number of women screened as recorded on the VCCR, 1965-2014



THE CERVICAL SCREENING RATE IN VICTORIA COMPARED TO THE NATIONAL AVERAGE

Data prepared by the Australian Institute of Health and Welfare⁴ on the estimated two-year participation rate of women in the cervical screening program over time are shown below. The estimated two-year participation rate for Victoria can be compared to the Australian average. These data show that the screening rate for Victorian women is consistently higher than the national average over time.

Estimated two-year participation rate (%) of women in the Cervical Screening Program, Victoria compared to Australian average, 1996-1997 to 2012-2013



² Thursfield V, et al. Cancer in Victoria: Statistics and trends 2013. Cancer Council Victoria, Melbourne 2014.

³ GLOBOCAN 2012: Estimated Cancer Incidence, Mortality and Prevalence Worldwide in 2012, online analysis. <http://globocan.iarc.fr/Pages/online.aspx>, viewed 28 October 2014.

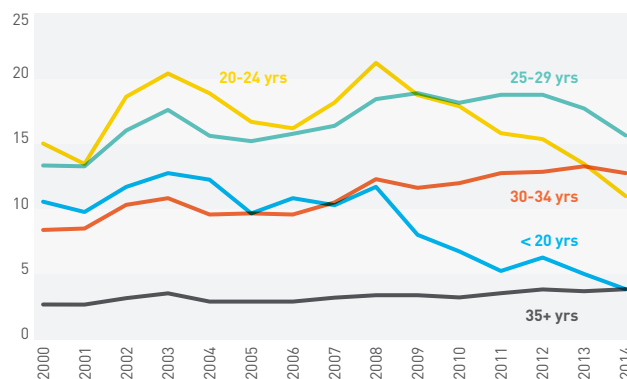
⁴ Cervical screening in Australia 2012-2013, supplementary tables, Indicator 1 Participation. Available at: <http://www.aihw.gov.au/publication-detail/?id=60129550871&tab=3>

REDUCED HIGH-GRADE DETECTION RATE OVER TIME

One of the indicators used for monitoring the effectiveness of the Cervical Screening Program is the measure of the high-grade detection rate in screened women. In addition to Pap test records, the VCCR also records all histopathology records related to the cervix, including those where a high-grade abnormality is detected. The high-grade rate per 1,000 screened women in Victoria is shown below, by single year and age group. The graph illustrates that the high-grade detection rate for younger women (<20 years, 20 to 24 years and 25 to 29 years) has declined noticeably since the implementation of the HPV vaccine in young women in 2007. This reflects lower rates of infection in the population with the cancer-causing HPV types covered by the vaccine and less associated high-grade disease.

These data produced by the VCCR are important to assess the impact of the HPV vaccine on high-grade abnormalities in women in the screened population, and have resulted in world-first international publications in the scientific literature.

The high-grade detection rate per 1,000 Victorian women screened by age, 2000-2014



NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER

To 30 June 2015, NHVPR received notification of around 1,028,000 HPV vaccination doses for the 2014-2015 financial year, bringing the number of notifications received by the register over its seven years of operation to over 7.4 million.

In 2014/15 nearly 203,000 completion statements were sent to those vaccine recipients who had completed the course (all 3 doses) and over 27,000 history statements were sent to males and females who remain recorded as incompletely vaccinated.

Our national register for HPV vaccines remains the envy of many countries as we demonstrate its utility in supporting the program, documenting vaccine coverage and its pivotal role in evaluations of vaccine effectiveness.

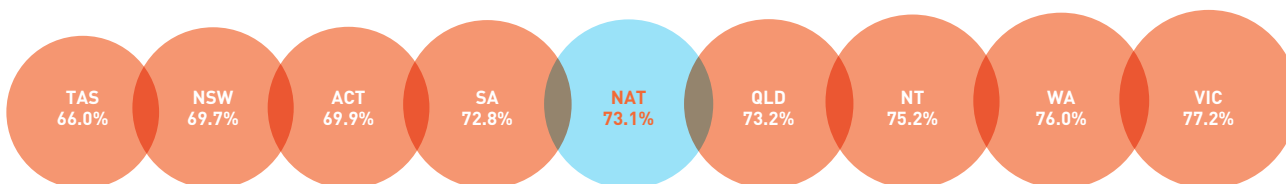
Provision of HPV vaccination coverage data is a major function of the register in order to inform and evaluate the vaccination program.

NATIONAL HPV 3 DOSE VACCINATION COVERAGE

This data shows vaccination coverage with three doses of human papillomavirus vaccine for adolescents turning 15 years of age by year for each state and territory. Vaccination will have been provided in the preceding years (varying slightly by state and territory due to varying age of high school commencement) and this measure provides the cumulative coverage achieved by age 15 for each cohort. Coverage data for males is only available from 2013 when they were included in the vaccination program routinely at age 12-13, with a catch up program for males aged 14-15 delivered in 2013 and 2014.

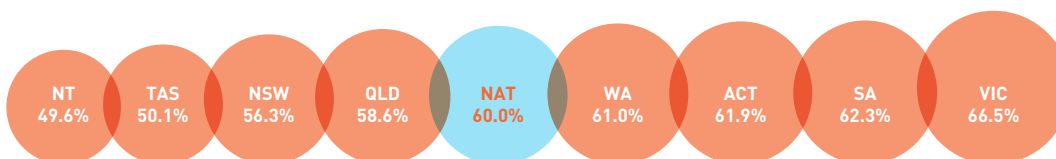
FEMALES

National (Australia) HPV 3 dose vaccination coverage as at 15 May 2015, for females turning 15 years in 2014



MALES

Preliminary National (Australia) HPV 3 dose vaccination coverage as at 15 May 2015, for males turning 15 years in 2014



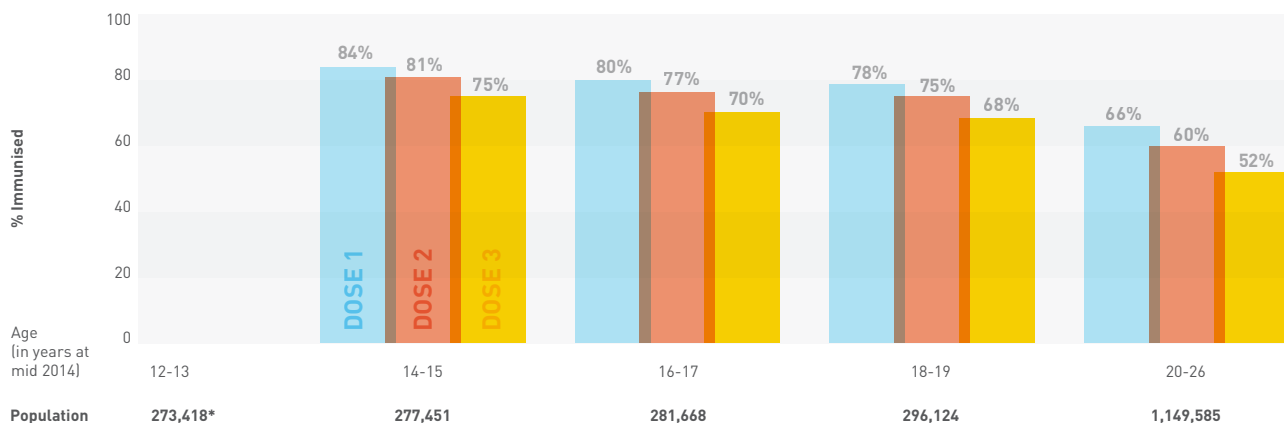
OUR NATIONAL REGISTER FOR HPV VACCINES REMAINS THE ENVY OF MANY COUNTRIES AS WE DEMONSTRATE ITS UTILITY IN SUPPORTING THE PROGRAM, DOCUMENTING VACCINE COVERAGE AND ITS PIVOTAL ROLE IN EVALUATIONS OF VACCINE EFFECTIVENESS.

NATIONAL HPV 3 DOSE VACCINATION COVERAGE BY DOSE NUMBER

These data show national HPV vaccination coverage by dose number (1, 2 or 3) and age group (12-13, 14-15, 16-17, 18-19, 20-26 years) for females and males for the specified year. Coverage data for males are only available from 2013 when they were included in the vaccination program routinely at age 12-13, with a catch up program for males aged 14-15 delivered in 2013 and 2014.

FEMALES

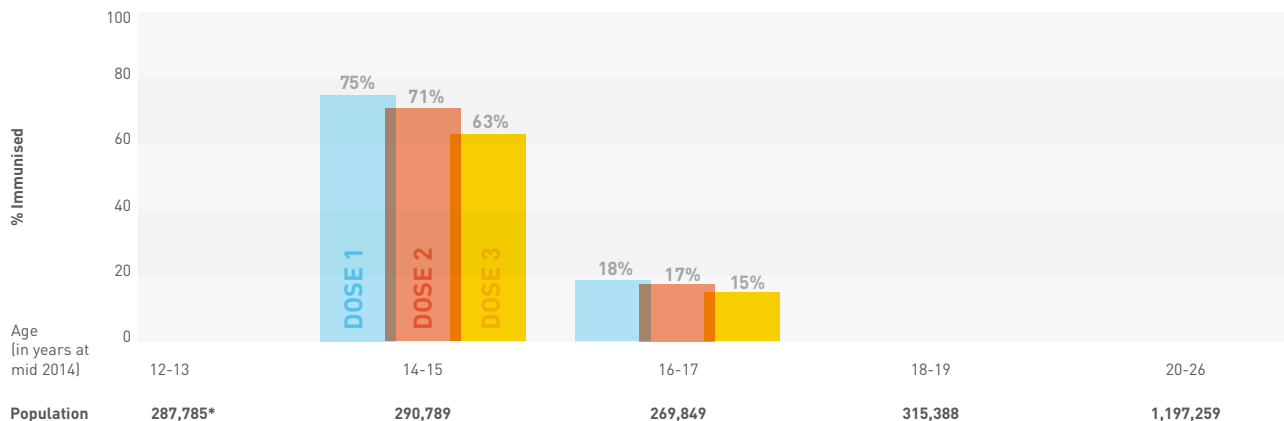
Population HPV vaccination coverage (%) by dose number (Australia) for females by age group in mid 2014



* In some States those aged 12-13 in 2014 are not eligible for vaccination until 2015. Notification of 2015 doses to the Register is in progress.

MALES

Population HPV vaccination coverage (%) by dose number (Australia) for males by age group in mid 2014



* In some States those aged 12-13 in 2014 are not eligible for vaccination until 2015. Notification of 2015 doses to the Register is in progress.



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EXECUTIVE TEAM STRUCTURE



ASSOCIATE PROFESSOR MARION SAVILLE
Executive Director and Public Officer



**ASSOCIATE PROFESSOR
JULIA BROTHERTON**

Medical Director NHVPR

- Leads and directs the activities of the NHVPR.
- Oversees the provision of aggregate statistical data to relevant stakeholders and researchers.
- Undertakes epidemiological research internally and in research collaborations, with a focus on dissemination of policy relevant research in peer reviewed journals.



**PROFESSOR
DOROTA GERTIG**

Medical Director VCCR

- Leads and directs the activities of the VCCR including the SA Cervix Screening Register and the National Bowel Cancer Screening Follow Up Program (PFUF).
- Provides epidemiological support to the organisation.
- Provides leadership and guidance within the cervical screening program.



DR BRYAN KNIGHT

Director VCS Pathology

- Leads and directs the scientists, pathologists and staff to maximise the effectiveness and impact of pathology testing and reporting services.
- Oversees and implements relevant quality standards to maintain accreditation by NPAAC.
 - Ensures the VCS Quality System is compliant with regulatory requirements.



DR STELLA HELEY

Senior Liaison Physician

- Leads the team of Liaison Physicians.
 - Conducts educational sessions to medical and nurse practitioners to discuss principles of screening in line with the National Screening Program.
 - Provides strategies for women with abnormal reports.
 - Promotes VCS and the work it performs.



MR MATTHEW CUNNINGHAM

Director ICT

- Leads and directs the ICT department in delivering ICT infrastructure, systems, processes and resources to support the strategic and operational objectives of the organisation.
 - Provides strategic ICT advice and ensures alignment between the delivery of ICT services and projects and the organisational strategic plan.

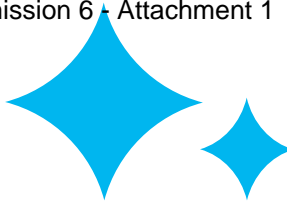


MR LESLIE MCLEAN

Director Corporate Services

- Leads and directs the corporate services team including responsibilities for finance, HR, legal and risk management.
 - Provides input into the development and implementation of organisational strategic plans.
 - Provides high-level advice and support to the Executive Director on corporate performance, governance and strategy.

VCS INC. ANNUAL REPORT 2015
CELEBRATING 50 YEARS



THE VCS WORKFORCE

ORGANISATION RESTRUCTURE

A restructure of VCS Pathology senior staff was undertaken in November 2014. These changes were driven by the need to transfer responsibility for operational leadership of the laboratory from the Executive Director to enable her to focus on the delivery of the strategic plan, with critical objectives including the conduct of the Compass trial and the registries software rewrite, required to be completed before the renewed cervical program is implemented in May 2017. This restructure included the appointment of Dr Bryan Knight as the Director of VCS Pathology.

APPOINTMENT OF DIRECTOR CORPORATE SERVICES Leslie McLean, BBus (Acctg), FCPA, GAICD, FIWA

Les joined VCS as the Director of Corporate Services in October 2014 and brings to the organisation a strong financial background with almost ten years experience at Executive level. Les is a high performing CFO, externally recognised in the water industry, particularly in strategy execution, business development, sustainability and innovation. Les is a skilled relationship manager who leads by example and communicates confidently and with impact.

WORKFORCE DATA

VCS aims to attract, retain and develop talented and committed employees. At 30 June 2015, 186 people were employed in a variety of managerial, professional, technical and operational roles. This figure includes permanent, temporary and casual employees and is equivalent to 157 full time staff. Of these, 77% were women. The employee base has grown by 19 compared to the prior reporting period.

TRAINING AND CAREER DEVELOPMENT

VCS supports employees through training and development to fully develop their potential and deliver leading services.

Staff are offered the opportunity to attain nationally recognised qualifications. Employees are entitled to seven days study/examination leave for undergraduate qualifications relevant to their employment. Staff completing their postgraduate studies can access 13 days study/examination leave.

In 2014/15, 5% of employees undertook post-graduate education. In April 2015, VCS Directors undertook a company directors course conducted by the Australian Institute of Company Directors. VCS also supports their screeners to undertake the Board of Examiners of the Society for accreditation to Australian Society of Cytology.

DIVERSITY

VCS strongly supports workplace diversity through its robust Equal Opportunity policy. Age demographic within the workforce ranges from 21 to 75 years. Of this 31% of the workforce are between 20 to 35 years, 40% are 36 to 50 years, 24% are 51 to 65 years, and 5% are 66 years and over. Women made up 77% of the workforce demographic for the financial year 2014/15.



YOUNG PEOPLE

VCS supports and encourages work experience for secondary and tertiary students. Short term work placement broadens students' experience and understanding of the workplace and of career opportunities within the health industry. A variety of programs were undertaken to encourage young people in the organisation. VCS had three work experience students from secondary schools, four professional practice students and one industry based learning student.

EMPLOYEE PROFILE

Daniel Elkington

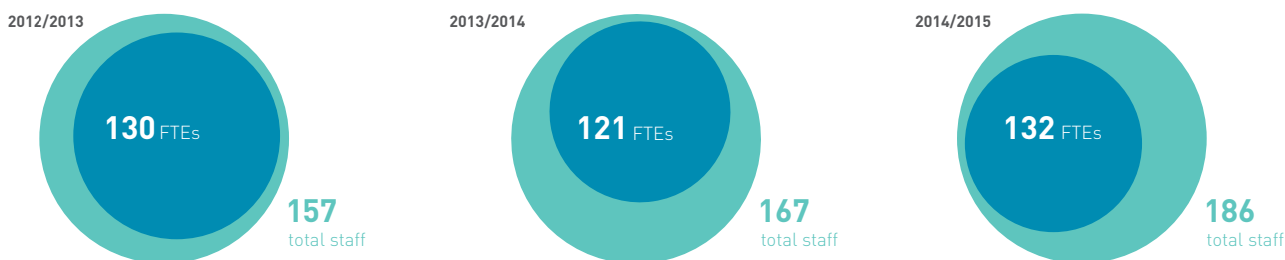
I'm currently studying Software Development at Swinburne University of Technology. As part of this, I had the opportunity to spend a year away from study on Industry Based Learning (IBL) working in my chosen field. VCS had an IBL position available, I applied for it, and commenced work in August, 2014. After being made very welcome in the IT team, I've spent my time helping to develop CSR, the upgrade of the legacy CIS system. With the conclusion of my IBL placement, I've now been offered an ongoing part time role at VCS while I continue my studies, and I look forward to continuing to assist with the development of CSR and any future IT projects.



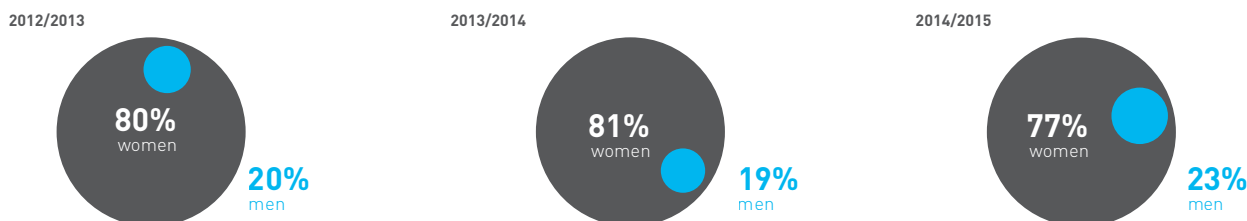
WORKFORCE AGE DEMOGRAPHIC

	2012/2013	2013/2014	2014/2015
20-35 years	30%	29%	31%
36-50 years	40%	40%	40%
51-65 years	27%	27%	24%
65+ years	3%	4%	5%

TOTAL WORKFORCE FULL TIME EQUIVALENTS (FTE) (INCLUDING CASUALS)



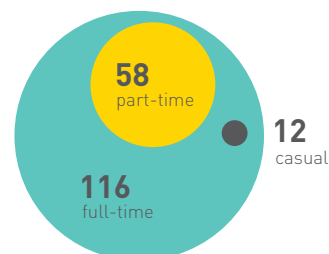
WORKFORCE GENDER



WORKFORCE COMPOSITION

	2012/2013		2013/2014		2014/2015	
	Male	Female	Male	Female	Male	Female
Board Members	2	8	2	8	2	8
Executive Directors / Directors	2	6	1	6	3	4
Managers	1	6	2	6	3	11
Medical Professionals	3	4	4	3	3	6
Other Professionals	8	7	7	12	11	12
Scientific / Laboratory Technical Staff	9	46	8	46	9	42
Operational and Administration	9	56	9	63	13	69
Total	34	133	33	144	44	152

EMPLOYMENT TYPES 2014/2015



STAFF TURNOVER

	2012/2013		2013/2014		2014/2015	
	Headcount	Turnover %	Headcount	Turnover %	Headcount	Turnover %
Voluntary Separation	4	3	8	5	9	5
Involuntary Separation	5	3	6	4	7	4
Total Staff Separation	9	6	14	8	16	9



27 YEARS OF SERVICE
Jan Kane

My decision to become a cytology screener was a result of my experience working in the Histology Department at Prince Henry's Hospital. I decided that I wanted more of an input into diagnostic reporting and joined VCS in 1988. In 1993, I was offered to sit and successfully completed my Australian Society of Cytology (ASC) exam.

In 1996 I was promoted to a Grade 2 Scientist which is a senior scientist who provides feedback to the junior staff and has the authority to sign out more reports. After many years behind the microscope, I had the opportunity to become involved in the teaching of Cytology at RMIT. In 2008 I became an External Teaching Assistant, helping the Teaching Coordinator, with the cytology subject being taught at the Bundoora campus of RMIT. Along with another assistant, we taught Cytology 1 to approximately 120 students over two semesters each year and we also taught the Major subject, Cytology 2 to a smaller number of students. It was a rewarding experience and I enjoyed engaging with the students on the subject of cytology.

Being a PAP screener for the past 27 years has been a very rewarding career and it has been a privilege to work at VCS over this time.

VCS BOARD OF DIRECTORS

The VCS Board of Directors:

- Set, approve and monitor the strategic direction of VCS Inc.
- Take responsibility for the overall performance of the organisation including appointing and managing the Executive Director, monitoring and maintaining Board and organisation performance, and working in the best interests of the stakeholders.
- Monitor and oversee the key strategic risks to VCS Inc.
- Comply with the VCS Inc. Rules, State and Federal Laws, Directors' and insurance responsibilities.
- Establish and approve Board policies.

The Audit and Finance Committee (a subcommittee of the Board) is responsible for:

- Advising the Board on matters relating to the financial strategies and policies, the financial performance, viability, sustainability and capital management of the service.
- Reviewing the quality of internal financial reporting to the Board.
- Ensuring effective governance and financial stewardship in order to assist directors in discharging their responsibility to exercise due care and diligence in relation to:
 - the selection and application of accounting policies in line with accounting standards and legislation
 - financial reporting
 - management and internal controls procedures.
- Ensuring the effectiveness and independence of external audit function.
- Applying appropriate risk management processes contributing to improving the risk management culture in the organisation.

MS SANDY ANDERSON

President

Ms Anderson was elected President of the VCS Inc. Board in 2013, following on from a previous term as President from 2004-2007. Ms Anderson has served on the Board as a Director since 2000 and holds the position of nurse with expertise in preventative health. Ms Anderson is a registered nurse with a Graduate Diploma of Community Health Nursing, Sexual and Reproductive Health Nurse Training, and a Master of Health Management. Ms Anderson has worked with PapScreen Victoria for over ten years in a role working with nurses providing cervical screening and women's health services throughout the state and, as part of this role, coordinates the Victorian Nurse Credentialing Program. Ms Anderson also currently works in women's health, holding clinics at Baarlinjan Medical Clinic at Ballarat and District Aboriginal Cooperative. In 2012 Ms Anderson was awarded the National Australian Practice Nurse Association Best Practice Nurse Award for Sexual Health in relation to increasing Koori women's cervical screening.

DR JANE COLLINS

Vice President

Dr Collins is the immediate past President 2009-2013, and is currently Vice President. Dr Jane Collins was appointed to the Board in February 2008 to fill the role of a Director with expertise in General Practice. Dr Collins is an experienced General Practitioner, business owner and freelance medical writer. She has a special interest in women's health as well as the provision and organisation of health care in the wider community. Dr Collins is a co-owner and the Clinical Director of the Clifton Hill Medical Group, an inner urban general practice comprising 12 GPs.

MS JULIANN BYRON

Audit and Finance Committee Treasurer

Ms Byron joined the Board in March 2003 as a Director with expertise in finance, commerce and corporate management. She has held the position of Treasurer since joining and is Chairman of the Audit and Finance Committee. Ms Byron's qualifications include Fellow CPA Australia, Fellow of the Australian Institute of Company Directors, and Member of Chartered Secretaries Australia. Ms Byron has experience as Chairman and Board member of both public and private companies, and her expertise includes the areas of finance, risk management, governance and strategic planning.

MS KATE BROUN

Ms Broun is a representative of the Cancer Council Victoria on the VCS Inc. Board. Ms Broun joined the Board in September 2005 and served for a two year period. Following a maternity break, she returned in October 2009. Ms Broun is the Cancer Screening Manager, which includes overseeing PapScreen Victoria. She has extensive experience in health promotion, screening and women's health.

MR TIM HUMPHRIES

Mr Tim Humphries joined the Board in 2012 as a Director with expertise in finance, commerce or corporate management. Currently he is also a member of the Audit and Finance Subcommittee. Mr Humphries holds a Bachelor of Commerce from Flinders University, and Master of Business Administration (MBA) from Deakin University. He is a member of the Certified Practising Accountants (CPA) Australia. Mr Humphries brings a wealth of experience with a career spanning more than 20 years in senior Accounting and Finance roles, and CEO, a position he currently holds, in a wide range of industries including health, aged care, transport and logistics, materials handling, recruitment, and not-for-profit sectors in Australia. His broad finance experience is complemented with HR, IT, corporate governance, sales and project management skills.

MS CHRISTINE HARVEY

Ms Christine Harvey was appointed to the Board in February 2008 as a Director with expertise in finance, commerce, and corporate management and law, and served as Vice President of the Board from 2009-2013. Currently she is also a member of the Audit and Finance Subcommittee of the Board. Ms Harvey is a legal practitioner with degrees in both arts and law (with Honours) from the Australian National University and is admitted to practice in the ACT and NSW. Ms Harvey has had a diverse career as a legal practitioner, in both private and government practice, and as a special magistrate of the ACT Magistrates Court. In addition, she has significant experience working in professional associations and peak industry bodies at the national, state and territory level. Ms Harvey has held positions as Director of Professional Standards of the Law Society of the ACT, Executive Director of the Law Society of the ACT, Deputy Secretary-General of the Law Council of Australia, Chief Executive Officer of the Royal Australian Institute of Architects and Chief Executive Officer of The Victorian Bar.

MS STEPHANIE REEVES

Ms Stephanie Reeves joined the Board in February 2014 as a Director with expertise in Law. Ms Reeves has worked as an in-house legal counsel for both small and large ASX Listed companies for many years. She is currently a member of the Melbourne Cricket Ground Trust and on the Advisory Board of a start-up law firm, Lexvoco. Ms Reeves has also been involved with a number of not-for-profit organisations including Crime Stoppers Victoria of which she was Chairman. Stephanie has a particular interest in corporate governance in both the commercial and not-for-profit sectors.

MS ANNE ROBERTSON

Ms Anne Robertson joined the Board in May 2013 as the Director with a consumer perspective. She has a personal interest in the promotion of the HPV vaccine and the cervical screening program as she lost her sister to cervical cancer in 1998. Ms Robertson holds a Bachelor of Arts degree from the University of Adelaide, a Master of Arts from the University of Sheffield and a Graduate Diploma of Education from Monash University. Ms Robertson has had a diverse career in education, working in Japan, England and Australia.

DR CHRISTINE SELVEY

Dr Christine Selvey was appointed to the Board in September 2012 as the Director with immunisation expertise. Dr Selvey has had responsibility for the implementation of state immunisation programs in Queensland, the Northern Territory and Victoria. She was a member of the National Immunisation Committee (NIC) from 1999-2007 and has been both the NIC and the Communicable Diseases Network Australia (CDNA) representative on the Australian Technical Advisory Group on Immunisation (ATAGI). Dr Selvey has a particular interest in HPV vaccine and was a member of two ATAGI working groups that provided recommendations on the use of HPV vaccines in Australia. With her experience in managing immunisation programs in the two Australian jurisdictions with immunisation registers, and her experience with the Australian Childhood Immunisation Register, Dr Selvey brings a good understanding of the operation of immunisation registers to the Board.

MR DAVID WREDE

Mr David Wrede was appointed to the Board in May 2010 as the Director with gynaecological expertise. Mr Wrede studied medicine at Cambridge University and St. Thomas' Hospital London. His post-graduate training was in General Surgery and Obstetrics & Gynaecology and included two years research into Cervical Cancer and HPV at the St. Mary's branch of the Ludwig Institute. Previous appointments in the UK's National Health Service include Consultant posts with interests in Gynaecological Cancer, Minimal Access Surgery and Colposcopy in Scotland and England. Since moving to Australia, his main clinical focus has been in gynaecological cancer prevention at The Royal Women's Hospital where he is now the clinical lead for the Dysplasia service. Mr Wrede is an investigator on a number of cervical cancer screening projects including Compass (led by A/Prof Marion Saville and Prof Karen Canfell), iPap (led by A/Prof Dorota Gertig) and VACCINE (led by Prof Suzanne Garland). He is also a member of the Clinical Guidelines Working Group for the Renewal of the cervical cancer screening program and Secretary of the Management Committee of the Australian Society for Colposcopy & Cervical Pathology. Mr Wrede is an Honorary Senior Lecturer to the Department of O&G at the University of Melbourne.



TOP ROW, L-R Ms Anderson, Dr Collins, Ms Byron, Ms Broun, Mr Humphries BOTTOM ROW, L-R Ms Harvey, Ms Reeves, Ms Robertson, Dr Selvey, Mr Wrede

GOVERNANCE

VCS Inc. is incorporated under the Associations Incorporation Reform Act, 2012 (Vic) and is governed by a Board of Directors.

MEETINGS OF THE BOARD AND ITS COMMITTEES

The following meetings were held during 2014/15;

- The Members of the Organisation met at the Annual General Meeting 21 November 2014.
- The Board of Directors met on seven occasions either in person or via teleconference.
- The Board's Audit and Finance Committee met on seven occasions.
- The Board's Quality Assurance Committee met on nine occasions for Scientific Quality and four occasions for Operational Quality.

PECUNIARY INTEREST

During the 2014/15 financial year, no Board Director declared a conflict of pecuniary interest in a contract with VCS Inc.

DECLARATION OF INTEREST

During the 2014/15 the following Board Members noted their involvement with the Compass Pilot and iPap trial currently being undertaken by VCS Inc.

Mr David Wrede

Principal Investigator – Compass trial

Associate Researcher/Investigator – iPap grant

Ms Sandy Anderson

Investigator – Compass trial

Dr Jane Collins

Investigator – Compass trial

FREEDOM OF INFORMATION

VCS Inc. is not currently subject to the requirements of the Freedom of Information Act (1982) however its registry services contain personal health data owned by various State and Federal jurisdictions that may be the subject of FOI requests. VCS Inc. will refer any requests received to the relevant jurisdiction, and also assist jurisdictions in meeting their obligations under the Act.

PRIVACY

VCS Inc. appreciates that it holds sensitive personal health information and has strict confidentiality practices in place to protect privacy. Personal and health information held about an individual is used for the following purposes:

- Reporting the pathology test that has been ordered;
- Charging for services (where appropriate);
- The Victorian Cervical Cytology Registry (VCCR) to remind women or practitioners of overdue Pap smears;
- The National HPV Vaccination Program Register (NHVPR) to issue completion statements and to remind vaccine recipients or their immunisation providers to complete HPV vaccination courses;
- Research to improve our knowledge, particularly of how to better prevent cancer of the cervix in women. No research publication identifies an individual person.

Full privacy policies can be viewed at:

www.vcs.org.au

www.vccr.org

www.hpvregister.org.au

RISK MANAGEMENT

The VCS Inc. Risk Management process is well managed and integrated into daily operational activities. The Risk Register identifies 169 active risks, and approximately 75% of all Risks have been treated. The Risk Policy and Risk Procedure are subject to periodic review in accordance with Board policy cycles of at least every two years.

During the 2014/15 year there have been significant activities and changes in the VCS Inc. Risk Management Framework, and, as at 30 June 2015, many of these changes are still in progress.

In summary, the most significant changes included the following:

- The Risk Management Policy was reviewed by the Board in February 2015 whereupon it was agreed that a signed Annual Risk Attestation Statement be incorporated into the 2014/15 and all future Annual Reports; and,
- The Risk Management Procedures were also reviewed by the Board in February 2015, with the key changes being to:
 - Incorporate procedural requirements for the annual Risk Attestation Statement;
 - Remove "Trivial" priorities as a classified threat level; and,
 - Amend the Risk Matrix Tables, including Likelihood and Consequence criteria to reflect the current Risk Attitude of VCS Inc.

As a direct result of the Risk Management Framework changes above, the following classes of risks have all been re-rated:

- Financial risks;
- Fraud risks;
- Privacy risks;
- Operational Laboratory risks;
- Operational VCCR risks;
- Health, Safety and Environmental risks;
- Human Resources risks;
- Stakeholder Management risks;
- Marketing and Customer risks; and
- All NHPV Register risks.

Two risk classes remain to be re-rated, being Security/Access and Infrastructure risks. These risk classes contain the largest number of all risks in the registers. As at 30 June 2015, the re-rating progress is therefore 42% complete.

Finally, following a review of suitable risk software, the Victorian Managed Insurance Agency (VMIA) Risk Software tool was selected, and all Risks are progressively being incorporated into this new dedicated tool, which has the additional benefit of being freely provided to VMIA customers, including VCS Inc. As at 30 June 2015, all re-rated risk classes above are now contained within the new software.



ACCREDITATION

VCS Pathology is accredited to ISO 15189:2007 *Medical laboratories – Particular requirements for quality and competence* and is committed to meeting all relevant industry standards including the various requirements of NATA, National Pathology Accreditation Advisory Council (NPAAC), The Royal College of Pathologists Australasia (RCPA) and VCS Inc. insurers.

The NATA audit of VCS Pathology was conducted on Tuesday 27 November 2012 with the laboratory successfully accredited for a further three years.

Our NATA Scope of Accreditation includes:

- Microbiology
- Detection and Characterisation of Microbial DNA/RNA
- Anatomical Pathology
- Histopathology of Biopsy Material
- Cytopathology, Gynaecological

NATA are scheduled to audit the VCS Pathology in late 2015.

QUALITY ASSURANCE

Quality system activities are coordinated by the Quality Officers under the guidance of the Director VCS Pathology. These activities are supported by the quality management software Q-Pulse, which is designed to support key elements of the Quality System. Quality Assurance is an important part of monitoring the health of the Quality Management System.

The Quality Assurance Committee (QAC) is a subcommittee of the Board chaired by the Executive Director. It uses statistical analyses to monitor a range of activities including performance targets in the scientific, administration and clerical areas, audits, non conformances and document control. Results of the activities are presented to the Quality Assurance Committee Meetings and any actions identified are assigned and reported. Detailed reports of findings are presented to the Board on a quarterly basis.

ENVIRONMENT

VCS Inc.'s objective is to operate its activities in an ecologically sustainable manner. Whilst we have not formally assessed the elements of our small environmental footprint, a number of sustainability initiatives are currently practised including:

- Energy efficient fleet vehicles for courier pickup and delivery services
- Recycling facilities for cardboard/paper, ink/toner cartridges, comingled recycling of cans/plastics from food wastes etc.
- Free bike storage facilities for all staff
- Shared waste chemical management facilities
- Transition to paperless Board meetings
- Establishment of purchasing policy and procedures that include environmental sustainability in purchasing decisions
- Recycling and/or donation of used equipment (including medical and Information and Communications Technology (ICT) equipment to support similar screening programs being established in developing countries in Oceania.







AUDIT AND FINANCE COMMITTEE TREASURER'S REPORT



Victorian Cytology Service Inc., which includes VCS Pathology, Victorian Cervical Cytology Registry and the National HPV Vaccination Program Register produced a consolidated surplus of \$2,385,575.

The surplus included capital purpose funding of \$2,459,354. This was funding for work yet to be completed however was included as income in the year due to the treatment of income as required by the Australian Accounting Standards.

VCS Pathology (VCS) experienced growth in revenue of 10.5% (excluding capital funding) providing total revenue of \$16,475,279 for the year. A substantial part of revenue was generated from cervical cancer screening, cancer recruitment, and education grants received from the Victorian Department of Health and Human Services (DHHS). External funding of \$752,151 was received and is to be utilised in the Compass trial. Trading activities and interest received provided additional income.

Operating expenses increased by 10.6% to \$17,274,332. The increase was mainly attributable to an increase in staff costs of 8.95% and medical supplies of 30.8% relating in part to the Compass trials.

The number of Pap smears screened for cervical cancer for the financial year was 293,403 (2014: 289,308).

Victorian Cervical Cytology Registry (VCCR) received a 1.7% increase from cancer surveillance grants from DHHS during the year, and additional research funding for special projects including second reminder letters and the Participation Follow Up Function (PFUF) for the National Bowel Cancer Screening Program (NBPSP) and the iPap project. Capital funding of \$1,636,364 was also received from the DHHS to assist with the cost of upgrading the register's database.

Total expenditure increased by 59%, largely due to increased staff costs relating to the database upgrade and special projects, in particular the PFUF project and the SACSR.

National HPV Vaccination Program Register (NHVPR) received an increase in operating funding from the Department of Health (DH) of 2% to cover the cost of operating the register and the mail out of completion and history statements.

Total expenditure decreased by 2% overall, as a result of a decrease in staff costs, offset against an increase in mail out costs.

SUMMARY

The support provided by the Victorian and Commonwealth Governments has been invaluable in assisting the organisation to perform the core and special project activities.

The DHHS provided funding during the year, which enabled VCS and VCCR to continue in their efforts to provide crucial and effective services in the area of women's health, including screening, education, the provision of cytology training to the profession and a confidential database of women's Pap test and other related test results in Victoria, along with funding for research projects.

The DH provided funding to maintain the HPV register, as part of the National HPV Vaccination Program to monitor females and males receiving the HPV vaccine.

JULIANN BYRON

Treasurer
Victorian Cytology Service Inc.

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VCS



VCS Pathology



Victorian Cervical
Cytology Registry



National HPV Vaccination
Program Register

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2014/15 \$	2013/14 \$
Revenue from operating activities	2	22,632,058	20,620,165
Revenue from non operating activities	2	649,061	706,114
Wages and salaries	4	(16,318,094)	(14,418,150)
Operating and administration costs	4	(4,244,128)	(3,698,709)
Medical supplies	4	(1,412,937)	(1,131,819)
Rental expense	4	(170,387)	(187,387)
NET RESULT BEFORE CAPITAL ITEMS AND SPECIFIC ITEMS		1,135,573	1,890,214
Capital purpose income	2	2,459,354	1,546,124
Depreciation and amortisation	4	(1,177,442)	(993,713)
Loss on sale of non current assets	4	(31,910)	(10,306)
		1,250,002	542,105
NET RESULT FOR THE YEAR		2,385,575	2,432,319
Other comprehensive income			
Items that will be reclassified to profit and loss when specific conditions are met:		-	-
Items that will not be reclassified to profit and loss when specific conditions are met:		-	-
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		2,385,575	2,432,319

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	2014/15 \$	2013/14 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,091,384	1,834,934
Financial assets	7	17,163,103	17,916,988
Trade and other receivables	8	844,428	1,028,408
Inventories	9	155,637	148,872
Other current assets	10	476,029	329,403
Total current assets		20,730,581	21,258,605
NON-CURRENT ASSETS			
Plant, equipment and vehicles	11	2,926,297	2,680,472
Intangible assets	12	1,405,097	807,848
Total non current assets		4,331,394	3,488,320
TOTAL ASSETS		25,061,975	24,746,925
CURRENT LIABILITIES			
Unexpended grants	13	615,657	1,804,965
Trade and other payables	14	1,538,944	2,864,496
Provisions	15	4,775,673	4,315,012
Total current liabilities		6,930,274	8,984,473
NON-CURRENT LIABILITIES			
Provisions	15	763,738	780,064
Total non current liabilities		763,738	780,064
Total liabilities		7,694,012	9,764,537
NET ASSETS		17,367,963	14,982,388
EQUITY			
Accumulated surplus	16	13,497,549	12,748,338
Designated funds reserve	16	3,870,414	2,234,050
TOTAL EQUITY		17,367,963	14,982,388

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Accumulated Surplus \$	Designated Funds Reserve \$	Total Equity \$
BALANCE AT 30 JUNE 2013		10,316,019	2,234,050	12,550,069
Comprehensive result for the year		2,432,319	–	2,432,319
BALANCE AT 30 JUNE 2014		12,748,338	2,234,050	14,982,388
Comprehensive result for the year		2,385,575	–	2,385,575
Transfer	16	(1,636,364)	1,636,364	–
BALANCE AT 30 JUNE 2015		13,497,549	3,870,414	17,367,963

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	2014/15 \$	2013/14 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Receipts</i>		
Receipts from trading activities	1,513,452	1,099,571
Interest received	612,530	492,231
Receipts from grants	24,597,313	22,050,896
<i>Payments</i>		
Wages and salaries	(17,005,009)	(13,906,689)
Suppliers	(8,199,826)	(6,273,813)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,518,460	3,462,196
CASH FLOWS FROM INVESTING ACTIVITIES		
(Payments)/redemption of term deposits	753,885	(8,222,167)
Purchase of plant, equipment and intangibles	(2,159,460)	(1,983,202)
Proceeds from sale of plant and equipment	143,565	109,792
NET CASH FLOW FROM INVESTING ACTIVITIES	(1,262,010)	(10,095,577)
NET INCREASE (DECREASE) IN CASH HELD	256,450	(6,633,381)
Cash and cash equivalents at the beginning of the financial year	1,834,934	8,468,315
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	2,091,384	1,834,934
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING RESULT		
Comprehensive result for the year	2,385,575	2,432,319
Depreciation and amortisation	1,177,442	993,712
Loss (profit) on sale of fixed assets	(4,622)	(36,121)
Change in operating assets/liabilities:		
(Increase) decrease in accounts receivable and other assets	37,354	(722,204)
(Increase) decrease in inventories	(6,765)	(70,971)
(Decrease) increase in payables and unexpended grants	(2,514,860)	316,379
(Decrease) increase in provision for employee entitlements	444,336	549,082
	1,518,460	3,462,196

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements cover Victorian Cytology Service Inc., an Association incorporated on 3 September 1991 in Victoria under the Associations Incorporation Reform Act, 2012 (Vic). Victorian Cytology Service Inc comprises the VCS Pathology, the Victorian Cervical Cytology Registry and the National HPV Vaccination Program Register. The organisation is registered with the Australian Charities and Not-for-Profit Commission (ACNC) and is therefore also required to comply with the ACNC Act 2012.

(a) Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Associations Incorporation Reform Act, 2012 (Vic) and the ACNC Act 2012.

The organisation is a not-for-profit entity and therefore applies the additional paragraphs applicable to 'not-for-profit' organisations under the AASs.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented in these financial statements for the year ended 30 June 2014.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The going concern basis was used to prepare the financial statements.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Historical cost convention

The financial statements are prepared in accordance with the historical costs convention, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

(b) Taxation

The activities of the Victorian Cytology Service Inc. are exempt from income tax under Div. 50 of the Income Tax Assessment Act 1997, and payroll tax.

(c) Inventories

Inventories are measured at the lower of cost and current replacement cost. The cost of inventories is based on the first in, first out principal.

(d) Plant and Equipment

Each class of property, plant and equipment is carried at cost, less where applicable, any accumulated depreciation and impairment losses. Assets are capitalised when in excess of \$1,000.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the useful life of the asset commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
-----------------------------	--------------------------

Plant and equipment	5-50%
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Motor Vehicles	25%
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The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the comprehensive income statement.

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the organisation commits itself to either purchase or sell the asset. (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit and loss' in which case transaction costs are expensed to profit and loss.

The organisation classifies its financial assets between current and non-current assets based on the purpose for which the assets are acquired. Management determines the classification of its other financial assets at initial recognition.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

The organisation assesses at each balance date whether a financial asset or group of financial assets is impaired.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Held-to-maturity investments

Where the organisation has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

(g) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable). Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that future economic benefits will flow to the organisation. Amortisation is allocated to intangible assets with finite lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds the recoverable amount. Intangible assets with finite useful lives are amortised over a three year period (2014: 3 years).

(h) Impairment of Assets

At the end of each reporting date, the organisation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the organisation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

(i) Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, and then subsequently carried at amortised cost and represent liabilities for goods and services provided to the organisation prior to the end of the financial year that are unpaid, and arise when the organisation becomes obliged to make future payments in respect of purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

(j) Employee Provisions

Short-term employee benefits

Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

Superannuation

Payments made to defined contribution plans are expenses when incurred. VCS Inc. has minimal exposure to liability arising from defined benefit plan liability as highlighted in note 20. In view of this, the amount is not recognised on the basis that it is immaterial.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(l) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

(m) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Government grants

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Critical Accounting Estimates and Judgments

Management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the organisation.

Key estimates – impairment:

The organisation assesses impairment at the end of each reporting date by evaluation of conditions and events specific to the organisation that may be indicative of impairment triggers. The recoverable amount of the relevant assets is reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements – provision for impairment of receivables:

A provision for impairment of trade receivables is established where there is evidence that the debts will not be collectible. Delinquency in payments (more than 60 days) is considered an indicator that the trade receivable is impaired. The directors do not believe the full amount of the trade receivables will be recoverable and accordingly, an impairment provision has been made at 30 June 2015 and 2014.

(q) New and Amended Accounting Policies Adopted by the Association

The following new and amended Accounting Standards and Interpretations were adopted and applied for the first time in 2014/15 and their effects have been outlined below.

AASB 11: Joint Arrangements

This standard requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

The association does not hold an interest in any entity which would be deemed to be its subsidiary, nor is it a part of any joint arrangement. Therefore, on application of AASB 10 and AASB 11 there is no requirement to prepare consolidated financial statements under AASB 10 and/or adopt the equity method of accounting under AASB 11. The association is also not required to provide enhanced disclosures under AASB 12: Disclosure of Interests in Other Entities. To facilitate the application of AASBs 10 and 12, revised versions of AASB 127 and AASB 128 were also issued. There is no impact on the association's financial statements as a result of the adoption of AASB 127 and AASB 128.

AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

This Standard provides clarifying guidance relating to the offsetting of financial instruments and does not impact the association's financial statements.

AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

This Standard makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard does not impact the association's financial statements.

AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities

AASB 2013-5 amends AASB 10: Consolidated Financial Statements by defining an "investment entity" and requiring that, with limited exceptions, the entity not consolidate its subsidiaries. The unconsolidated subsidiaries must also be measured at fair value through profit or loss in accordance with AASB 9: Financial Instruments. The amendments also introduce additional disclosure requirements. As the association does not meet the definition of an investment entity, this Standard does not impact the association's financial statements.

AASB 2013-6: Amendments to AASB 136 arising from Reduced Disclosure Requirements

This Standard further amends the reduced disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment, and does not impact the association's financial statements.

r) Economic Dependence

The organisation is dependent on the Department of Health and Human Services and the Department of Health for the majority of its revenue required to operate the business.

At the date of this report, the Board of Directors has no reason to believe the Departments will not continue to support the organisation.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: REVENUE	Notes	VCS 2014/15 \$	VCCR 2014/15 \$	NHVPR 2014/15 \$	Total 2014/15 \$	VCS 2013/14 \$	VCCR 2013/14 \$	NHVPR 2013/14 \$	Total 2013/14 \$
REVENUE FROM OPERATING ACTIVITIES									
Government grants									
Department of Health & Human Services		13,138,721	1,809,119	90,249	15,038,089	12,549,830	2,298,757	232,758	15,081,345
SA Health		-	568,314	-	568,314	-	688,718	-	688,718
Department of Health		-	-	3,799,471	3,799,471	-	-	3,716,234	3,716,234
Indirect contributions by Department of Health & Human Services	3	122,548	-	-	122,548	110,428	-	-	110,428
Patient fees		1,418,363	-	-	1,418,363	1,455,509	-	-	1,455,509
Other revenue from operating activities		801,128	169,710	2,913	973,751	222,808	200	17,573	240,581
		15,480,760	2,547,143	3,892,633	21,920,536	14,338,575	2,987,675	3,966,565	21,292,815
TRANSFER UNEXPENDED GRANTS									
Operating funding transferred from prior year		435,000	386,743	35,204	856,947	367,828	151,992	-	519,820
Operating funding transferred to following year		-	(145,425)	-	(145,425)	(435,000)	(524,712)	(232,758)	(1,192,470)
		15,915,760	2,788,461	3,927,837	22,632,058	14,271,403	2,614,955	3,733,807	20,620,165
REVENUE FROM NON OPERATING ACTIVITIES									
Bank interest		522,988	77,284	12,258	612,530	580,150	75,433	4,104	659,687
Profit on sale of non current assets		36,531	-	-	36,531	46,427	-	-	46,427
		559,519	77,284	12,258	649,061	626,577	75,433	4,104	706,114
REVENUE FROM CAPITAL PURPOSE INCOME									
Department of Health		464,535	1,636,364	-	2,100,899	291,000	240,000	240,000	771,000
		464,535	1,636,364	-	2,100,899	291,000	240,000	240,000	771,000
Transfer unexpended grants									
Capital funding transferred from prior years		358,455	-	-	358,455	971,124	-	-	971,124
Capital funding transferred to following year						(196,000)	-	-	(196,000)
		822,990	1,636,364	-	2,459,354	1,066,124	240,000	240,000	1,546,124
Total Revenue		17,298,269	4,502,109	3,940,095	25,740,473	15,964,104	2,930,388	3,977,911	22,872,403

NOTE 3: INDIRECT CONTRIBUTIONS BY DEPT OF HEALTH

The Department of Health makes certain payments on behalf of the Service. These amounts have been brought to account in determining the operating results for the year by recording them as revenue and expenses.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: EXPENSES	VCS 2014/15 \$	VCCR 2014/15 \$	NHVPR 2014/15 \$	Total 2014/15 \$	VCS 2013/14 \$	VCCR 2013/14 \$	NHVPR 2013/14 \$	Total 2013/14 \$
Wages and salaries	12,955,651	2,338,453	1,023,990	16,318,094	11,890,905	1,413,355	1,113,890	14,418,150
Operating and administration costs	2,211,275	887,439	1,145,414	4,244,128	1,923,973	607,386	1,167,350	3,698,709
Medical supplies	1,387,223	25,714	-	1,412,937	1,066,466	65,353	-	1,131,819
Rental expense	-	84,974	85,413	170,387	-	74,133	113,254	187,387
Depreciation and amortisation	711,692	141,702	324,048	1,177,442	713,181	37,433	243,099	993,713
Loss on sale of non current assets	8,491	23,419	-	31,910	610	9,006	690	10,306
	17,274,332	3,501,701	2,578,865	23,354,898	15,595,135	2,206,666	2,638,283	20,440,084

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: AUDITOR'S REMUNERATION	2014/15	2013/14
	\$	\$
Auditor's remuneration – auditing the accounts	15,300	14,900

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	42,334	63,449
Deposits at call	2,049,050	1,771,485
	2,091,384	1,834,934

The effective interest rate on short-term bank deposits was 1.99% (2014: 2.45%)

NOTE 7: FINANCIAL ASSETS

Term Deposits with an original maturity greater than three months	17,163,103	17,916,988
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NOTE 8: TRADE AND OTHER RECEIVABLES

Current		
Trade debtors and accrued revenue	677,505	751,822
Provision for impairment of receivables	(6,149)	(2,341)
	671,356	749,481
Interest receivable	173,072	278,927
	844,428	1,028,408

NOTE 8.1: TRADE RECEIVABLES

Settlement terms and the basis for determining the allowance for doubtful debts are outlined in Note 1(l).

Movement in the allowance for doubtful debts		
Balance at the beginning of the year	2,341	2,391
Impairment losses recognised on receivables	38,500	32,400
Amounts written off during the year as uncollectable	(34,692)	(32,450)
Balance at the end of the year	6,149	2,341

NOTE 9: INVENTORIES

Medical and surgical supplies held for distribution	155,637	148,872
	155,637	148,872

The cost of medical supplies is listed in Note 4

NOTE 10: OTHER CURRENT ASSETS

Prepayments	476,029	329,403
	476,029	329,403

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11: PLANT, EQUIPMENT & VEHICLES	2014/15 \$	2013/14 \$
Plant and equipment at cost	5,226,257	4,577,934
Accumulated depreciation	(3,642,375)	(3,201,894)
Written down value	1,583,882	1,376,040
Leasehold improvements at cost	1,351,917	1,227,771
Accumulated amortisation	(309,294)	(182,286)
Written down value	1,042,623	1,045,485
Vehicles at cost	416,097	411,848
Accumulated depreciation	(116,305)	(152,901)
Written down value	299,792	258,947
Carrying amount at the end of the year	2,926,297	2,680,472

Movement in carrying amounts	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Total
Balance at the beginning of the year	1,376,040	258,947	1,045,485	2,680,472
Additions	814,113	243,202	128,305	1,185,620
Disposals	(35,027)	(100,580)	(3,337)	(138,944)
Depreciation	(571,244)	(101,777)	(127,830)	(800,851)
Carrying amount at the end of the year	1,583,882	299,792	1,042,623	2,926,297

NOTE 12: INTANGIBLES	2014/15 \$	2013/14 \$
Software and licences at cost	6,929,082	5,955,242
Accumulated amortisation	(5,523,985)	(5,147,394)
Carrying amount at the end of the year	1,405,097	807,848

Movement in carrying amounts	Software	Licences	Total
Balance at the beginning of the year	805,022	2,826	807,848
Additions	973,840	-	973,840
Disposals	-	-	-
Amortisation	(374,550)	(2,041)	(376,591)
Carrying amount at the end of the year	1,404,312	785	1,405,097

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13: UNEXPENDED GRANTS	2014/15 \$	2013/14 \$
Capital funding transferred to following year	–	472,855
Operating funding transferred to following year	615,657	1,332,110
	615,657	1,804,965

NOTE 14: PAYABLES

Current Unsecured		
Trade creditors	490,500	620,555
Other creditors	1,048,444	2,243,941
	1,538,944	2,864,496

The average trading terms are 30 days

NOTE 15: PROVISIONS

EMPLOYEE BENEFITS		
Current		
Provision for annual leave – short term	1,664,820	1,584,487
Provision for long service leave	2,919,808	2,539,480
Provision for sabbatical leave	191,045	191,045
	4,775,673	4,315,012
Non-Current		
Provision for long service leave	763,738	780,064
	763,738	780,064

Based on past experience, the organisation expects the full amount of the annual leave balance to be wholly settled within the next 12 months. Further, these amounts must be classified as current liabilities since the organisation does not have an unconditional right to defer settlement of these amounts in the event that employees wish to use their leave entitlements.

NOTE 16: EQUITY

Details of equity

Accumulated surplus

The accumulated surplus represents the funds of the association that are not designated for particular purposes.

Designated funds reserve

The capital funds represent the capital funding received to cover the cost of the upgrade of the VCS/VCCR data base. The amortisation of the upgrade will be allocated against the capital funds over the expected life of the upgrade.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17: FINANCIAL RISK MANAGEMENT

The organisation's financial instruments consist mainly of deposits with banks, receivable and payable. The organisation did not have any derivative instruments at 30 June 2015 and 2014.

The totals for each category of financial instruments, measured in accordance with AASB139 as detailed in the accounting policies to the financial statements, are as follows:

	Notes	2014/15 \$	2013/14 \$
FINANCIAL ASSETS			
Cash and cash equivalents	6	2,091,384	1,834,934
Trade receivables	8	671,356	749,481
Other receivables	8	173,072	278,927
Term deposits	7	17,163,103	17,916,988
Total Financial Assets		20,098,915	20,780,330
FINANCIAL LIABILITIES			
Payables	14	490,500	620,555
Other	14	1,048,444	2,243,941
Total Financial Liabilities		1,538,944	2,864,496

None of the organisation's financial investments are measured at fair value on a recurring basis after initial recognition.

NOTE 18: ASSOCIATION DETAILS

The principal address of the business of the Association is:
Victorian Cytology Service Inc.
265 Faraday Street
Carlton South, VIC 3053

NOTE 19: RELATED PARTIES

The names of persons who were Board members at any time during the year are set out in the Annual Report. There were no transactions that require disclosure for the year ended 30 June 2015 and 2014. The Directors did not receive any remuneration during the financial year ended 30 June 2015 and 2014.

KEY MANAGEMENT PERSONNEL COMPENSATION	2014/15 \$	2013/14 \$
Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of Victorian Cytology Service Inc.		
Short term employee benefits	1,384,516	1,149,424
Post-employment benefits	124,519	93,563
	1,509,035	1,242,987

There were no transactions between the organisation and the directors during the year.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20: DEFINED BENEFITS SCHEME

The organisation contributes to a Defined Benefit Scheme maintained by First State Super Fund and has an ongoing obligation to share in the future experience of the Fund. Favourable or unfavourable variations may arise should the experience of the Fund differ from the assumptions made by the Fund's actuary in estimating the Fund's accrued benefits liability.

The trustee of the Scheme has determined that the notional excess of net assets attributable to the staff who are members of the scheme for the year ended 30 June 2015 total \$224,984 (2014: \$139,257). The Fund's actuary has advised that the contributions will remain unchanged for the current year.

NOTE 21: COMMITMENTS

	2014/15	2013/14
	\$	\$
Lease commitments		
The organisation has leased office premises under a non-cancellable operating lease expiring within five years with renewal rights. On renewal, the terms of the lease will be renegotiated.		
Commitment in relation to the lease contracted for at the reporting date but not recognised as a liability, payable:		
Within one year	199,809	176,324
Later than one year but not later than five years	136,711	336,520
	336,520	512,844

NOTE 22: CONTINGENT LIABILITIES

Bank Guarantee secured against Term Deposits	79,421	158,971
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The amount disclosed represents a Bank Guarantee for the property leased at Wellington Parade, East Melbourne, payable on default of rent.

NOTE 23: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors dated 6 November 2015.

On 10 August 2015, the Department of Health released the Request For Tender for a National Cancer Screening Register. VCS has responded to the tender.

No other significant events have occurred since reporting date to the date of this report that have or may significantly affect the activities of the organisation, the results of those activities, or the state of the affairs of the organisation in the ensuing or any subsequent financial years.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

DIRECTORS' DECLARATION



DIRECTORS' DECLARATION

In the opinion of the Board of Directors, the Financial Report as set out on pages 35 to 51 satisfies, the requirements of the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-Profits Commission Act 2012, including:

1. Presenting a true and fair view of the financial position of Victorian Cytology Service Inc. as at 30 June 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards Reduced Disclosure Requirements, Associations Incorporation Reform Regulations 2012 and Australian Charities and Not-for-Profits Commission Regulations 2013
2. At the date of this statement, there are reasonable grounds to believe that Victorian Cytology Service Inc. will be able to pay all of its debts as and when they fall due.

In addition:

We certify that Victorian Cytology Service Inc has complied with the terms and conditions of their service agreement with the Department(s).

We certify that Victorian Cytology Service Inc has used funding received from the Department(s) for the year ended 30 June 2015 on the services specified in the service agreement.

We certify that Victorian Cytology Service Inc is financially viable and can continue to provide services on behalf of the Department(s).

We certify that Victorian Cytology Service Inc is required to produce an audited Financial Report and has adhered to the relevant incorporation governing legislation in respect of financial account preparation and lodgement and any other requirements as specified by the relevant governing legislation.

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors by:

Ms Sandy Anderson
Chairperson

Ms Juliann Byron
Treasurer

Date: 23/10/2015

Date: 23/10/2015

VICTORIAN CYTOLOGY SERVICE INCORPORATED
ABN 35 430 554 780

INDEPENDENT AUDIT REPORT



Accountants | Business and Financial Advisers

Independent Auditor's Report to the members of Victorian Cytology Service Inc.

Report on the Financial Report

We have audited the accompanying financial report of Victorian Cytology Service, ("the Organisation"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Organisation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, *Associations Incorporation Reform Act 2012*, the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organisation's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

HLB Mann Judd (VIC Partnership)

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Accountants | Business and Financial Advisers

Opinion

In our opinion the financial report of Victorian Cytology Service Inc. is in accordance with the *Associations Incorporation Reform Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. Giving a true and fair view of the Organisation's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- ii. Complying with Australian Accounting Standards – Reduced Disclosure Requirements, Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013* and the *Associations Incorporation Reform Regulations 2012*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'Jude Lau'.

Jude Lau
Partner

Melbourne
23 October 2015

VCS INC. ANNUAL REPORT 2015
CELEBRATING 50 YEARS

GLOSSARY

ACCV	Anti Cancer Council of Victoria
ASC	Australian Society of Cytology
CIS	Cytology Information System
EO	Equal Opportunity
FOBT	Faecal Occult Blood Test
HPV	Human Papillomavirus
ICT	Information Communication Technology
NATA	National Association of Testing Authorities, Australia
NBCSP	National Bowel Cancer Screening Program
NCSP	National Cervical Screening Program
NCSR	National Cancer Screening Register
NHMRC	National Health and Medical Research Council
NHVPR	National Human Papillomavirus Vaccination Program Register
NPAAC	National Pathology Accreditation Advisory Council
PCC	Preventing Cervical Cancer
PCR	Polymerase chain reaction
PFUF	Participant Follow Up Function – National Bowel Cancer Screening Program
QAC	Quality Assurance Committee
RCPA	Royal College of Pathologists Australasia
RFP	Request for proposal
RMIT	Royal Melbourne Institute of Technology
SACSR	South Australian Cervix Screening Registry
TAT	Turn-around Time
VBR	Victorian BreastScreen Registry
VC(G)S	Victorian Cytology Gynaecological Service
VCCR	Victorian Cervical Cytology Register
VCS Inc.	Victorian Cytology Service Incorporated
VMIA	Victorian Managed Insurance Agency



CELEBRATING 50 YEARS OF VCS



2015 marks the 50th year of VCS Inc.'s service. Formed in 1964 as a joint venture initiative between the Victorian State Government, the Cancer Council and Prince Henry's Hospital, VCS has a proud history in helping to reduce the incidence of cervical cancer. Originally known as VCGS (Victorian Cytology Gynaecological Service), the Service officially commenced functioning on 1 January 1965 following discussions the previous year between the Minister of Health, the Hospitals and Charities Commission, the Anti-Cancer Council (ACC) of Victoria, and the Board of Management of Prince Henry's Hospital.

Dr Michael Drake was appointed Director of the Service, with 16 screeners and 3.5 cytotechnologists. It was estimated that it would take six months to train a screener, and an internal education program for technicians was commenced.

Most screeners were female, and came straight from doing their matriculation at school.

Screening began in May 1965, and the ACC commenced an education program for women and medical practitioners.

A year later, 1,200 medical practitioners were using the Service. In 18 months nearly 71 thousand smears had been examined – approximately 7% of the Victorian female adult population. In 1967, 95 thousand smears were screened (10-15% of the adult female population); television advertising commenced and the work done was even depicted in a *Four Corners* program.

Close to 100 thousand smears were examined in 1968; the total number of screeners by this time was 26, half of whom worked part-time. All the screeners were women.

Around 1,900 medical practitioners used the service. With such growth, new premises needed to be found, and in 1969 VC(G)S moved into the third floor of Prince Henry's Hospital in St Kilda Road. There were now three levels of staff: screeners (unqualified); cytotechnicians (Certificate) and cytotechnologists (Degree or Diploma). It was during this year that cytology was introduced into RMIT courses.

By 1970 VCS was screening around 125 thousand smears per annum; wages increased by 27% in 1971 due to award increases and the 6% national wage rise. Short films were made for television to promote screening, and four women from the Flora Group of Prince Henry's Hospital Auxiliaries packed kits of materials to be sent to doctors.

The average cost for a smear was now around \$1.16, and by 1972 we received close to 155 thousand smears, from over 2,000 medical practitioners. Noise from the computers became a problem for the screening areas, and all records since inception were punch carded and transferred to magnetic tape allowing the first data analysis. A formal qualification for a career cytotechnologist was now (1973) available through RMIT, and VCS conducted a six-month full time course on cytotechnology with mostly overseas attendees.

By the mid-70s the screened population coverage had reached over 90% in some age groups, and the first data showing a drop in mortality rates for carcinoma of the cervix in Victoria was published. In 1976 the introduction of Medicare bulk-billing allowed other laboratories to provide an apparently 'free' service: this was seen to threaten the concept of the co-ordinated state-wide screening service, inhibiting the accumulation and analysis of data. Meanwhile, the Victorian Department of Health and the Treasury Department saw the low-cost-per-smear as a mark of the efficiency of the Service, and the argument was made that the only logical way of funding the Service was a no-cost-per-smear basis.

Education for cytologists was now well underway with a course at RMIT which included cytology taught at the Service. In 1977 the ASC examination was introduced and cytologists were offered overtime where the 'going rate' for piece work was \$1 per slide – later increased to \$1.50 per slide.

In 1978 Dr Gabriele Medley was appointed Deputy Director, with four part-time pathologists employed within the Department of Anatomical Pathology at Prince Henry's Hospital. By this time significant space issues had developed. An on-site computer was acquired (a Univac V77/600 mini-computer) to form the basis of an on-line computer system, and software was planned to replace virtually all the existing clerical activities. In 1979, 15 years after the Service's inception, one of the cytotechnologists took the role of a Computer Scientist. Typists, clerks and key punch operators were soon replaced by VDU operators and computer clerks, and the computer system was now felt to be fully functional in the clerical area. But space continued to be a significant problem.

On the 28th May 1982, the Minister for Health, the Honourable T.W. Roper, visited the Service and personally supervised the registration of the three millionth smear. The increase in the smear numbers was felt to have been largely absorbed by efficiencies in the clerical area due to computerisation – but the limit had been reached which could only be resolved by an increase in the number of screeners. This led to a delay in issuing reports.

In 1983 Sir Lance Townsend, founding Chairman, died. A seminar entitled *Cervical Cancer Screening – Achievements and Aspirations* opened by the Minister for Health, was held, with the presentation of six papers, including one on the history of

the Service. This seminar attracted considerable media attention. But the problem was that there was a critical shortage of qualified and experienced cytotechnologists. There was a massive workload, not enough pathologists to deal with this, and problems with the computer system.

During school holidays, screeners were allowed to work from home and only had to be present in the laboratory one day per week, returning screened work. The expected screening rate was 20 slides per hour, with the most experienced screeners looking at 100 slides or more per day.

However, by 1984, the first problems of occupationally-related illnesses became manifest. A number of staff (scientific, clerical and technical) developed stress-related disabilities and other conditions such as teno-synovitis. The maximum number of slides to be screened per day was reduced to 50. But space problems persisted; a new computer was needed; and turn-around time was compromised due to these issues and inadequate staffing. The overcrowding resulted in industrial unrest, and there was discussion about relocation to a different site. In 1985 a new computer system and software was installed, as were better microscopes and ergonomic desks.

By 1986 it had become clear that certain groups of women were under screened, including those from certain ethnic communities and possibly some from geographically isolated or financially deprived groups. VCS appointed a Business Manager, and a Medical Epidemiologist, Dr Heather Mitchell. The entire database was transferred to computer and a number of analyses were now planned. In total, the Service had now processed over 4 million smears.

In 1987 Dr Drake resigned as the Director, and although Dr Medley initially announced her intention of resigning once a new Director was appointed, the following year she reversed her decision and accepted the position of Director herself. By now we were able to participate in major research activities using the single data base of over 4 million smears – one of the largest in the world. But it was also realised that because an increasing number of smears were being processed by private laboratories, these were not available to enable meaningful epidemiological analysis. It was at this point that the concept of a Statewide Registry was proposed.

The Health Department convened a Working Party to look at a number of aspects of the Service's future and its Report released in July 1988 recommended extensive modification of the Board of Management and the establishment of the VCCR, auspiced by VCS. Commonwealth funding for this was obtained, and legislation passed through the State Parliament to amend the Cancer Act and establish the Registry.

A new Chief Scientist, Mary Seyfang, was appointed. Meanwhile, the private sector marketed themselves aggressively, and there was an 8.5% reduction in the number of smears received by VCS. Private pathology services were able to provide a courier service, whereas all smears were still mailed to VCS – at the practitioner's expense. Turn-around time increased to approximately three weeks.

At this time, screeners had background piped music while they worked – but no-one liked it. (Later all screeners were allowed to use headphones and listen to their own radios or, in later years, their iPods!)

In 1989-90 the Commonwealth agreed to pay \$1.5 million, matched by the State Government, to improve the Service in a number of areas, including the introduction of a courier service. Reply-paid envelopes could now be used, and a Liaison Physician, Dr Stella Heley, was appointed to help to increase the profile of the Service among health practitioners. Target turn-around time was set at 95% within five days, and,

pleasingly, an Australian Institute of Health Study found that the Service was the most cost-effective block-granted laboratory in Australia. A decision was made to relocate to the Royal Women's Hospital in a purpose-built unit incorporated into the car park at the corner of Swanston and Faraday Streets in Carlton, and the VCCR was established as the first such register in Australia. A new Board was created, five members of which were women. With a change of name in 1991 to the Victorian Cytology Service, there was a great sense of optimism, and, with funding linked to doing at least 250,000 smears per annum, and a target of 99% of smears received to be reported within five days, there was a sense that we were ready for some spirited competition with the private sector!

The first VCCR Statistical Report was released in 1990, registrations exceeding 505,000 women, and past screening history provided to laboratories within one hour.

On 3 September 1991 VCS was incorporated. The move to the RWH facility occurred on one weekend, work ceasing at Prince Henry's Hospital at 4pm on Friday 6 December, and resuming at the RWH at 9am on Monday 9 December. This building was opened by the Minister of Health on 11 March 1992. By the end of that year, VCCR had processed around 545,000 Pap smear reports, approximately 50% of which had been reported by VCS.

On 30th May 1993 70% of the staff at VCS signed a newly developed Workplace Agreement. During that year, a number of women who had developed cervical cancer despite having had negative Pap smears commenced medico-legal cases – and, given that VCS reported around 50% of smears per annum, it was inevitable that the Service would be involved. The following year, a significant case was brought against VCS, but this was settled on the eve of the scheduled court case. The legal case inevitably produced a high level of anxiety amongst the staff and despite professional counselling being offered, a number of resignations occurred. Following the case, there was also a surge of 25% in workload over a period of two months and during this time several experienced scientific staff were lost to the private sector.

The backlog of work led to the availability of weekend work at appropriate penalty rates. The expectation was that all screeners would look at an additional 400 slides on top of their normal workload.

By 1996 we were providing a public cervical cytology service to the RWH, Western Hospital, Box Hill Hospital and the Goulburn Valley Hospital. We had also introduced a histopathology service which proved to be popular with a number of gynaecologists as we received 173 specimens in the first year. The following year VCS started offering both ThinPrep liquid based monolayer sample methodology, and PAPNET assisted rescreening of conventional smears when requested by the practitioner. In 1998 \$1M funding was approved for development of a new Cytology Information Service (CIS), the core functions of which commenced in August of that year. A Client Services Officer was appointed, and VCS made sure that all computer systems were compliant for transition to the year 2000.

Dr Gabriele Medley retired as Director on 30 June 2000, and Dr Marion Saville was appointed as the new Director.

Following a NATA inspection in October of that year, a Quality Manager was also appointed. In the first year of the new century practices were now able to receive their results by electronic results facility (ERT). But challenges continued. In 2002 a Victorian laboratory lost its NATA accreditation, and test volumes at VCS consequently increased markedly. This led to a turn-around time approaching two weeks, and thus extensive overtime being offered to the staff. A new Business Manager

and a Laboratory Manager were appointed in 2004; MediPath LIS was introduced for histopathology; and by 2005 the ERT system was available at 500 GP sites.

In 2006, VCS achieved recognition as a Health Promotion Charity. New NHMRC Guidelines for the Management of Asymptomatic Women with Screen-Detected Abnormalities were implemented – this necessitated a major upgrade for both the laboratory and the Registry. Testing for HPV and for chlamydia was introduced and, following the retirement of Heather Mitchell, Dorota Gertig was appointed Epidemiologist and the Medical Director of the VCCR.

In 2007, the total number of Pap tests registered with VCCR was 572,000; 294,512 of these were from VCS (51%). In April of that year the quadrivalent Human Papillomavirus (HPV) vaccine was introduced as part of the National Immunisation Program in Australia for girls aged 12 to 13, with a catch-up program to age 18, and free vaccination available for women to the age of 26 for two years. **In 2008 a Commonwealth Government contract enabled VCS to establish the National Human Papillomavirus Vaccination Program Register (NHVPR) which was located, with VCCR, in East Melbourne. Dr Julia Brotherton, Medical Epidemiologist, was appointed as Director of NHVPR in 2010.** This was also the year when the first *Preventing Cervical Cancer: Integrating Screening and Vaccination* (PCC2009) was hosted by VCS.

2010 saw the 20th anniversary of VCCR. PCR testing for Chlamydia was introduced at VCS, and the NHVPR now had over 4.2 million vaccine dose notifications.

A landmark publication in 2011 showed the first data demonstrating a decrease in high-grade abnormalities after introduction of the HPV vaccination program. With an appreciation of its expanding role, VCS was rebranded with the creation of VCS Pathology and VCS Inc. **By 2012 NHVPR notifications had reached 5 million, and the following year changes were made to accommodate the addition of boys to the vaccination program. VCS was now also running the Participant Follow Up Function (PFUF) of the National Bowel Cancer Screening Program in Victoria on behalf of the Department of Health.**

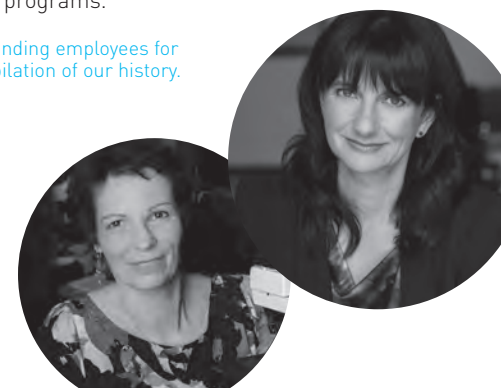
Given that the last National Cervical Cancer Screening Guidelines had been released in 2006, it was now time for the Commonwealth Department of Health to consider an update, and hence the Renewal Process commenced. And, in line with, and in order to inform this process, VCS and the Cancer Council NSW, under Principal Investigators Associate Professor Marion Saville and Professor Karen Canfell, developed the Compass Trial. The Pilot Study was completed in 2014, and the Main Trial commenced recruitment in early 2015.

VCS was established in order to make a positive difference in the lives of Victorian women by reducing the impact of cervical cancer. With a 50 year history of successful contributions behind us, VCS is currently undergoing a process of profound change to prepare us for the renewed NCSP. We look forward to a further 50 years of successful operation, contributing to the prevention of cancer and infectious diseases through excellence in the provision of public health services supporting screening and vaccination programs.

Special thanks to our long standing employees for their contribution to the compilation of our history.

Dr Stella Heley (far right)
Senior Liaison Physician
12 December 1989 to current

Ms Jan Kane (right)
Grade 2 Scientist
8 February 1988 to current



2015 – 2020 STRATEGIC DIRECTION

Our vision is to prevent cancer and infectious diseases through excellence in the provision of public health services supporting screening and vaccination.

Going forward, VCS will focus its efforts externally on broadening our public health contribution by building the relationships and services needed to optimise our capabilities, reach and impact.

Our internal focus will be to anticipate and adapt to change by aligning our structure, systems, processes and people around our new vision and overarching theme of

RENEWAL AND BEYOND...

VCS INC.
ANNUAL REPORT 2014/15

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